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RESEARCH ARTICLE

Digital presence in service recovery: The interactive effect of customer salutations and employee photographs in email signatures

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Abstract

Service firms can manage failure apology emails depending on how much digital presence or lack thereof they wish to maintain toward aggrieved customers. While nascent research indicates positive effects of higher levels of digital presence, the efficacy of this strategy in service recovery settings remains unclear. Drawing on the concept of digital presence and the unified theory of social relations, the authors investigate the potential detrimental effects of combining certain salutation forms with digital presence in the form of employee photographs in these emails. The data were gathered using one survey among service employees (Prestudy, N = 202), and two scenario-based experiments (Study 1, N = 418; Study 2, N = 449). Study 1 assesses customer reactions to different apology emails and shows that personalized salutations (i.e., addressing customers by first name) and digital presence in the form of employee photographs can negatively interact to affect recovery satisfaction and repatronage intentions, with customers' perceived rapport mediating these relationships. Moreover, the results of a second experiment (Study 2) show that compensation after a service failure can mitigate the negative interactive effects. This study thus suggests using digital presence (in the form of employee photographs) in conversations with aggrieved customers only when customer salutation personalization is absent.

KEYWORDS
apology emails, Digital presence, employee photographs, service failure, service recovery

1 | INTRODUCTION

Service recovery broadly encapsulates the actions a service firm takes in response to a service failure to return the customer to a state of satisfaction (Grönroos, 1988; Ozuem et al., 2021; Van Vaerenbergh &

Orsingher, 2016), that is, "the degree to which a customer is satisfied with a service firm's transaction-specific service recovery effort following a service failure" (Boshoff, 1999; p. 237). Such actions fall into two categories: efforts aimed at fixing the problem and efforts geared toward mending the relationship with the aggrieved customer. Whether a

service firm can resolve the problem or not, it nonetheless needs to acknowledge that it owns the failure and try to appease and recover customers by offering a utilitarian (e.g., monetary) or symbolic compensation in the form of an apology (Albrecht et al., 2019; Basso & Pizzutti, 2016; Joireman et al., 2013). More recently, the marketing literature has recognized that the efficacy of recovery efforts may depend on the channel used to appease customers (e.g., Bacile et al., 2018; Manu et al., 2021; Rosenmayer et al., 2018).

Today, 95% of service organizations and 98% of service customers use email (Smith, 2022). Further, more than 40% of US customers with complaints use social media and email, compared with 12% in 2017 (Alcantara, 2020; Honora et al., 2022; Obeidat et al., 2017). Toward this end, service firms employ different modes of communication to apologize (Ahmad, 2002; Nguyen & McColl-Kennedy, 2003). While there is a need to respond to customers across all channels, firms may prefer email communication over social media because of its capacity to enable two-way communication (i.e., receive customer complaints and respond to complaints), and because social media involves the visibility of both the complaint and the firm's recovery effort, a visibility that firms should be keen to avoid (Schaefers & Schamari, 2016). Hence, email has become the preeminent channel for resolving service failures, especially when it comes to sensitive information such as booking numbers, size of compensation, and contact details.

Despite the advantages and prevalence of email service recovery efforts and insights gained from research into customers' post–service failure complaints (see Table 1), service managers find little guidance on how to begin and end effective post-failure apology emails to their aggrieved customers. Previous studies compared the efficacy of standardized messages across different service recovery channels (Mattila & Wirtz, 2004; Van Vaerenbergh et al., 2012) or demonstrate the efficacy of an apology versus a compensation offer by email (Abeler et al., 2010). Sengupta et al. (2018) report that aggrieved customers' responses to recovery efforts vary depending on who offers the apology (manager vs. frontline employee) and how (publicly vs. privately) the apology is offered. A few studies examine variations in the wording of apology emails, such as comparisons of the effectiveness of generic versus sincere or customized recovery emails (e.g., Holloway & Beatty, 2003). Neale and Murphy (2007) found positive effects of email response characteristics (with the emails closing with the sender's name) on customer recovery satisfaction.

While these research efforts are commendable, they do not provide answers to two fundamental questions in designing apology emails. First, many firms have started to increase customers' online experiences by providing more details on their employees such as employee photographs, an approach that is referred to as increasing digital presence (Cyr et al., 2009; Herhausen et al., 2020). The customer-facing digital presence of humans on websites is known to create affective customer responses along with positive attitudes toward the website by stimulating social warmth (Darke et al., 2016). However, whether such positive effects hold for electronic service recovery that follows (often severe) service failures is far from understood. Second, what is also evident from previous research is that despite the potentially harmful consequences of breaches of etiquette in email communication between service providers and aggrieved customers, no study has investigated the most effective combination of digital presence and customer salutation forms in emails in terms of achieving recovery outcomes. Such considerations are relevant for digital marketing practice because despite nascent practical guidance that advocates the inclusion of employee photographs in email communication (Forbes, 2022), we lack insights on how digital presence (alone, and in combination with customer salutation personalization) aids in the service recovery process and influences outcomes, such as recovery satisfaction and repatronage intention. Moreover, we lack knowledge of how employees feel about providing their own picture in communications with aggrieved customers. In case they feel uncomfortable with such a provision of their photograph, managers would have to weigh the costs and benefits of such a digital presence strategy for service recovery even more carefully. Hence, examining the appropriate combination of digital presence (e.g., with or without employee photograph) and salutation could advance both scholarly marketing research and management practice, through an enhanced theoretical understanding of the possible damaging effects of mismatching combinations.

Accordingly, our aim is to examine the effectiveness of alternative post-failure email apologies relative to digital presence (i.e., whether or not an employee photograph is shown in an apology email) and salutation form (i.e., how the aggrieved customer is addressed) in terms of relevant recovery outcomes—recovery satisfaction and repatronage intentions. Building on the unified theory of social relations (Fiske, 1991, 1992), we propose that when an email apology with a personalized salutation (i.e., customer addressed by their name) coincides with digital presence (i.e., with employee photograph), the email could reduce rapport and affect recovery satisfaction and repatronage intentions, thus, thwarting the recovery effort.

Furthermore, we investigate the mechanism that links combinations of digital presence and salutation form with recovery outcomes. McCallum and Harrison (1985, p. 35) state that service encounters are "first and foremost social encounters" where customers place high values on positive social outcomes (Bradley et al., 2010). In service failure contexts, employees need to foster rapport with customers to alleviate anger and helplessness (Gelbrich, 2010). We thus theorize that the interactive effects of form of customer salutation and digital presence on customer outcomes will be mediated by the extent, or lack of, rapport fostered through the apology email, from the aggrieved customer's perspective. In addition, we theorize that the negative interactive effect of customer salutation and digital presence on recovery satisfaction and repatronage intentions may be mitigated by offering financial compensation to aggrieved customers. Notably, this compensation does not have to match the full price of the failed service to reverse the negative effect of the interaction between salutations and digital presence. As monetary compensation changes the interaction from

TABLE 1 Empirical studies of the effect of apologies as part of post-service failure recovery efforts

Authors	Sample/method	Dependent variable(s)	Mediator/moderator variable(s)	Main results	Mode of apology	Email signatures or form of salutation considered?	Interaction of email signature and salutation form considered?
Strauss and Hill (2001)	$n = 31$ US students complaining and receiving recovery emails	Recovery satisfaction	No	55% of company recovery emails e-mail addressed customer by name, 57% closed with employee's name; the latter is positively associated with recovery satisfaction	Email	Yes	No
Holloway and Beatty (2003)	Study 1: $n = 30$ depth interviews with US customers; Study 2: $n = 295$ US customers, survey	No	No	Most complaining customers felt their grievances were not adequately addressed by email (Study 1). Of all the complaints considered, 33.7% were made via email (54.7% by telephone); of those respondents who complained to the company 57.5% indicated they were dissatisfied with the response (Study 2).	Email, telephone	No	No
Mattila and Mount (2003)	$n = 446$ hotel guests, survey	Recovery satisfaction, repurchase intention	No	Immediate response associated with high levels of recovery satisfaction and return intent among technology enthusiastic (vs. less enthusiastic) customers	Email	No	No
Neale and Murphy (2007)	Three waves between 2001 and 2003, $n = 184$ Australian students complaining and receiving recovery emails	Recovery satisfaction, positive word-of-mouth, repurchase intention	No	Approx. 90% of company recovery emails addressed customer by name and closed with employee's name; addressing customer by name is not related to recovery satisfaction, word of mouth or repurchase intention; closing with sender's name is positively related to recovery satisfaction and word of mouth.	Email	Yes	No
Dickinger and Bauernfeind (2009)	Using a mystery approach, 400 emails (inquiry or complaint) were sent to 100 different airlines.	No	No	In 89.7% of complaints answered, airlines included the customer's first or surname, but only in 65.9% of the inquiries.	Email	Yes	No

(Continues)

TABLE 1 (Continued)

Authors	Sample/method	Dependent variable(s)	Mediator/moderator variable(s)	Main results	Mode of apology	Email signatures or form of salutation considered?	Interaction of email signature and salutation form considered?
				In 74.7% of complaints answered, airlines included the customer's surname, but only in 48.8% of the inquiries.			
Roschk and Kaiser (2013)	n = 225 German participants; 2 (failure type: process vs. outcome) × 2 (apology's empathy: high vs. low) × 2 (intensity (high vs. low) × 2 (timing: shortly after a complaint is being voiced vs. at the end of the service encounter) experiment	Recovery satisfaction	Failure type (Mo)	An apology's empathy, intensity, and timing affect recovery satisfaction. The earlier, the more empathic and intense the apology is given, the more satisfied respondents are. Empathy has the strongest effect on service recovery satisfaction followed by intensity and timing. Empathy's effect is stronger for process failures than for outcome failures.	Personal	No	No
Packard et al. (2018)	Study 2: n = 211 Canadian students; Study 3: n = 159 US online panel members*	Recovery satisfaction, purchase intention	Perceived agent empathy, agency toward customer (Me, Study 3)	Customers were addressed by first name; agent's responses using "I" (vs. "we") pronouns increased satisfaction and purchase intentions (Study 2); Agent's use of "I" pronouns increased customer satisfaction and purchase intentions relative to the "we" pronoun condition; the "I" pronoun condition increased perceptions of agent's empathy and agency relative to "we" and no-pronouns condition; both mediators predicted increased satisfaction and purchase intentions relative to the "we" and the no-pronouns condition (Study 3).	Email	Yes	No

TABLE 1 (Continued)

Authors	Sample/method	Dependent variable(s)	Mediator/moderator variable(s)	Main results	Mode of apology	Email signatures or form of salutation considered?	Interaction of email signature and salutation form considered?
				Study 2 (all studies??) used sender and recipient first names, but not about complaint – inquiry only. Web appendix does not clarify. But the focus of the paper is about pronouns.			
Sengupta et. al. (2018)	Study 1: n = 217 German, n = 214 Indian participants; 2 (status service personnel: high vs. low) × 2 (complaint channel: offline vs. online) × 2 (culture: Western vs. Eastern) between-subjects experiment

Study 2: n = 187 German, n = 196 U.S., n = 161 Filipino, n = 285 Indian participants; 2 (status of service personnel: high vs. low) × 2 (apology mode: public vs. private) × 2 (culture: Western vs. Eastern) between-subjects experiment | Recovery satisfaction | Informational justice (Me); complaint channel (Mo); national culture (Mo) | Eastern (vs. Western) customers prefer managers to offer apology in offline service context, but not in online service context. Eastern customers prefer apology from higher-status firm representative when apology is provided publicly (e.g., on social media) but not when apology is sent by email (i.e., privately). | Email, personal | No | No |
| You et al. (2020) | A total of 12 real-behavior and lab studies using diverse samples (eastern, western, student, and MTurk samples), service failure situations (e.g., service delay, error), and industries (e.g., restaurant, airline) | Recovery satisfaction | Self-esteem (Me); narcissism, recovery timing (Mo) | In an apology, saying "thank you" (appreciation) instead of "sorry" (apology) can positively change consumers' state self-esteem, which in turn affects their recovery satisfaction. | Personal | No | No |
| This study | One survey among frontline employees and two scenario-based experiments (N = 418 and N = 449) | Repatronage intention; Recovery satisfaction | Rapport (Me), Distributive justice (Me), Customer salutation personalization (Mo), Compensation size (Mo) | Digital presence in Email signatures increases relevant outcome variables, but only when customer salutation personalization is absent. | Email | Yes | Yes |

Note: Me = Mediator, Mo = Moderator; *Packard et al. conducted five studies of which two (Study 2 and Study 3) were concerned with service failures.

social to more transactional, we also theorize that a different process, distributive justice, mediates the link from the interaction to the outcomes. We test our assumptions with two experimental studies, embedded in a car rental failure context, preceded by a survey that assesses frontline service employees' willingness to engage in digital presence.

Our research efforts lead to three main contributions. First, our Prestudy shows that frontline service employees are reluctant for their photographs to be shown in recovery emails as a means to create digital presence; a result that underscores the importance of understanding when to use such digital presence. Second, we show that while digital presence as such can be beneficial when the customer is not addressed specifically, the combination of personalized customer salutation form (i.e., dear "name") and digital presence (by including the employee photo), can actually decrease customer recovery satisfaction and repatronage intentions. Third, we show that these interactive effects disappear when customers were offered compensation.

After, we present our hypotheses and describe the research methodology, we detail the findings from our survey among service employees and two scenario-based experiments. We conclude with implications of our results for service management and practice.

2 | BACKGROUND

It is helpful for firms to use multiple channels in the management of their communications with aggrieved customers (Ahmad, 2002; Mattila & Wirtz, 2004; Walsh et al., 2018), with personal (face-to-face) recovery efforts being particularly ideal (Solomon, 2015). Many service firms use email to reach out and apologize to customers, which enables them to acknowledge complaints in a customized, timely manner (Marr, 2017; Perkins, 2016). Despite these advantages though, email-based service recovery efforts may be less effective than face-to-face recovery efforts because of emails limited capacity to provide various social elements that underlie effective recovery efforts. For example, emails have relatively limited capacity to convey social cues and to provide a personal touch (Byron, 2008; El-Shinnawy & Markus, 1997; Panteli, 2002), all of which may reduce customer recovery satisfaction or other outcomes (Sparks et al., 1997). Hence, creating digital presence (defined as the customer-facing visual information about the person providing the service; Herhausen et al., 2020) by presenting employee photographs in emails can potentially offset the disadvantages associated with email service recovery and may be considered a step toward mimicking face-to-face recovery.

A photograph should increase the degree of salience of the employee (Short et al., 1976); according to Rafaelli et al. (2017) finding that when service failures occur, customers prefer to interact with humans instead of automated response systems. Moreover, service failures often leave customers with a sense of social loss (e.g., loss of face) that can be compensated for by a more personal apology that helps restore social equity (Tax et al., 1998). With regard to

computer-mediated communication, Tanis and Postmes (2003) report that cues such as a sender's picture and biographical information give recipients a sense that they know with whom they are interacting. These findings suggest that aggrieved customers may – ceteris paribus – appreciate more digital presence in apology emails such as email signatures with employee photographs.

Further, by addressing a customer by their name (e.g., first, last, or full name) rather than a general salutation such as "Dear customer," in the apology email, the service firm can signal "that the communication is 'for you'" (Hawkins et al., 2008; p. 458). Personalized salutation by name has been found to evoke increased message processing (Pfiffelmann et al., 2020), feelings of gratitude, and positive behaviors such as referrals (Koch & Benlian, 2015). Research also shows that personalized (cf. generic or non-personalized) newsletters result in more positive evaluations of the message (Maslowska et al., 2011). Similarly, customer personalization can increase web survey response rates (Fan & Yan, 2010; Heerwegh, 2005; Sauermann & Roach, 2013), compliance (Sahni et al., 2018), and brand attitudes and can make customers feel unique and valued, facilitating more intimate customer-firm relationships (Chandra et al., 2022; Yang et al., 2019). However, there is little discussion in the literature of appropriate forms of salutations and email signatures, or contextual cues more generally, in emails, as indicated in Table 1, which offers an overview of prior research on apology-based service recovery efforts and outcomes.

Despite the potential advantages of a more personalized form of salutation, past research also acknowledges that using personalized salutation in email communications can backfire. For example, Jung (2017) and Song et al. (2016) link high levels of personalization to privacy concerns, and White et al. (2008) posit that personalized emails elicit reactance, especially when customers find no utility in them. Thus, the adverse effect of addressing customers in a personalized manner is not an entirely new phenomenon, though no studies have investigated the interactive effects of customer salutation forms and digital presence in apology emails. Given the imperative to foster rapport with the aggrieved customer in service failure contexts (DeWitt & Brady, 2003), it is important to note that a sense of balance is needed to deliver the key rapport ingredients of harmony and being "in sync" (Tickle-Degnen & Rosenthal, 1990). In particular, in a service failure recovery context, perceptions of a proper balance of power between the employee and the customer is important, with customer perceptions of an unfavorable balance of power leading to negative outcomes (DeWitt & Brady, 2003).

To explain some potential unintended effects of salutation and digital presence combinations in apology emails, we turn to the unified theory of social relations (Fiske, 1991, 1992), which proposes four types of relationships people use to organize and evaluate their social interactions: communal sharing, authority ranking, equality matching, and market pricing. Fiske's (1992) relational theory also implies two main types of exchange: monetary and social. Communal sharing relates to ingroup versus outgroup processes and is not relevant to the current study. According to Fiske (1992), authority ranking implies that people recognize their relative social positions in

a hierarchical order within social exchanges; equality matching suggests that they instead focus on imbalances in social standings across social actors. In our study context, a customer who has been failed by the service provider might reasonably be expected to feel that they should be recognized as "superior" in a superior–subordinate relationship (i.e., the "boss") and respond negatively to an imbalance favoring the service organization or employee. We thus identify authority ranking and equality matching as particularly relevant in the development of our theoretical foundation of our experimental studies.

3 | HYPOTHESES

The purpose of the service recovery email (i.e., apology) already likely evokes an expectation in the (aggrieved) recipient that equity needs to be restored within the social exchange. Such restored equity likely manifests in good levels of rapport (DeWitt & Brady, 2003). Rapport represents "a customer's perception of having an enjoyable interaction with a service provider employee, characterized by a personal connection between the two interactants" (Gremler & Gwinner, 2000; p. 92). Thus, for social interactions that are concerned with authority ranking according to Fiske's (1991) theory of social relations, rapport is an ideal measure to capture customers' sense of restored connection to the company.

In addition, the form of salutation that the sender uses may affect which facet of the recipient's identity (e.g., as a customer, anonymous transaction partner, friend) becomes salient when they read the message (Kessler & Milkman, 2018). Such identity priming activates a sense of self and social comparison processes (Stapel & Tesser, 2001). We theorize that the effect of digital presence on rapport depends on the way the recipient's self is activated by either starting an email with "Dear Customer" versus "Dear 'Name'". If the recipient's sense of self is not activated, such that the email was addressed to "Dear Customer," a (largely unconscious) social comparison process is likely to occur. This email exchange may appear less personal and focused on the exchange of information. As such, digital presence might be treated as information conveying accountability, or commitment, such that digital presence can unfold its positive effects and restore the bonding between aggrieved customer and the company (e.g., Cyr et al., 2009). This situation is comparable to the widely studied digital presence on websites (e.g., Herhausen et al., 2020), where the website user's self is not activated because of the absence of specific customer personalization.

However, an email with "mismatched" salutation and digital presence could violate the customer's expected norms of the social exchange, with mismatch defined as involving situations in which inappropriate status levels are implied in the salutation versus the digital presence. For example, if a message started "Dear Chris" (i.e., the customer's name) but with a sender email signature with employee photograph (i.e., digital presence), the recipient might perceive an unfavorable imbalance in the communication, with the

firm asserting a more prominent social position or presence, even though the firm is the one that failed. This email may then violate both expected authority rank ordering and equity in social standings for the exchange. Such violations of relationship expectations threaten the future benefits of the relationship (Johar, 2005). In particular, an organization's response to a service failure suggesting an unfavorable balance of power toward the customer leads to negative outcomes (DeWitt & Brady, 2003), so an inappropriate email approach (i.e., a mismatch) that diminishes customers' perceptions of social equity in the social exchange could produce adverse reactions such as reduced rapport, and eventually lower satisfaction and repatronage intentions among recipients.

Thus, we posit:

> **H1**: *The effect of digital presence on customer perceived rapport is moderated by customer salutations, such that when the customer is (not) addressed by first name, digital presence reduces (increases) the customer's level of rapport.*

Rapport occurs when customers develop positive feelings of a personal connection to the firm or its representatives (Linzmajer et al., 2020). Positive feelings of a personal connection are especially important in service failure situations when the feeling of "this person actually cares" can offset negative experiences caused by the service failure (del Río-Lanza et al., 2009). Rapport between employees and customers has been found to link positively to satisfaction and loyalty (Delcourt et al., 2013; DeWitt & Brady, 2003; Gremler & Gwinner, 2000; Linzmajer et al., 2020); as mediator, rapport leads to positive customer evaluations of employee performance (Kidwell et al., 2021). We thus posit that perceptions of rapport turn into important customer outcomes such as recovery satisfaction and repatronage intentions. Hence, we submit that the interactive effects of sender email signature high in digital presence indirectly affect recovery satisfaction and repatronage intentions, with rapport as the mediating mechanism.

> **H2**: *The interactive effects of digital presence and customer salutation on the customer's level of (a) recovery satisfaction and (b) repatronage intentions are mediated by rapport.*

Service firms also use social cues to convey that they value the customer's business or relationship, as well as to build trusting, lasting relationships with customers that take into account the customer's social standing according to Fiske's, (1991, 1992) theory of social relations. But if emails highlight this relational perspective, this approach could detrimentally affect recovery outcomes. This suggests that if service firms want to use personalized customer emails, they need to find ways to counter the possible negative interaction effect of digital presence and customer salutation forms on recovery outcomes. Hence, many companies offer monetary compensation in an attempt to restore equity (Gelbrich et al., 2015; Hogreve et al., 2017). In their meta-analysis of organizational complaint handling, Gelbrich and Roschk (2011) identify financial

compensation as a powerful remedy for service failures. In the absence of compensation, aggrieved customers who receive a personalized email with digital presence view the service failure in relational terms, such that the personalized post-failure communication may violate their context-specific norms. By adding compensation, the firm may prompt the customer to view the relationship more transactionally or economically, which could invoke monetary or marketplace frames, producing a monotonic relationship between payment levels and redress efforts (Heyman & Ariely, 2004). When firms combine monetary payment and social change elements, Heyman and Ariely (2004) find that the result is perceived by the recipient as a transactional rather than social exchange. Further, because monetary compensation helps alleviate the inconveniences experienced by customers and offsets their losses, customers should appreciate compensation and display more positive service recovery outcomes in these instances (Albrecht et al., 2019; Wirtz & Mattila, 2004). Therefore, we predict:

> **H3**: *When a personalized customer salutation is present (vs. absent), the negative (positive) effect of digital presence on (a) recovery satisfaction and (b) repatronage intentions is moderated by compensation size, such that increasing compensation size weakens the negative effect and strengthens the positive effect.*

When interactions change from social to transactional or economical, other cognitive processes are stimulated such that concepts of the theory of social relations become less important (e.g., authority ranking, Fiske, 1991). Tangible compensations offered by the service firm to rectify and compensate for a service failure are an effective means to change aggrieved customers' justice perceptions (e.g., Albrecht et al., 2019). Accordingly, we theorize that perceptions regarding the compensation will affect the psychological process at play and override perceptions arising from social relations. In that sense, we consider distributive justice to be an important mediator, when the interaction changes from social to transactional through the provision of compensation (Schaarschmidt et al., 2021). Distributive justice, or the "degree to which consumers feel that they have been treated fairly with respect to the outcome of the service encounter" (Voorhees & Brady, 2005; p. 194), has been found to mediate the relationship between providers' postfailure responses and customer-related service recovery outcomes (e.g., Gelbrich & Roschk, 2011). Hence, we surmise that the sense of whether the level of compensation is considered as fair, satisfying a sense of distributive justice, is triggered by the interactive effect of digital presence and customer salutation.

In addition, in meta-analyses, findings show the direct relationships of distributive justice perceptions with recovery outcomes have the strongest influence relative to other drivers on recovery satisfaction (Gelbrich & Roschk, 2011; Orsingher et al., 2010). Moreover, customers' justice perceptions mediate the relationship between firms' recovery efforts and service recovery evaluations (e.g., Van Vaerenbergh & Orsingher, 2016). Thus, we expect a direct

relationship of distributive justice on the outcomes we study, and that the effects of digital presence on these outcomes would be mediated through perceived distributive justice.

> **H4**: *The interactive effects of digital presence and customer salutation on the customer's level of (a) recovery satisfaction and (b) repatronage intentions are mediated by perceptions of distributive justice when financial compensation is offered.*

The set of hypotheses lead to a conceptual model that is displayed in Figure 1.

4 | STUDY OVERVIEW AND PRESTUDY

4.1 | Study overview

We conducted one survey among frontline service employees as a Prestudy and two scenario-based experiments to test the hypotheses. In our Prestudy, we assess service employees' willingness to provide their own photographs in communications with aggrieved customers (i.e., to increase digital presence). Using employee photographs is considered good marketing practice (Forbes, 2022), but less is known about employees' acceptance of providing their own photograph in email communication with aggrieved customers. Their reluctance to have their photograph used could undermine the efficacy of firms' service recovery efforts and thus deserves attention.

For hypotheses testing related to our proposed research model (see Figure 1), we take advantage of the benefits of scenario-based experiments which do not require customers to endure artificially created service failures (Albrecht et al., 2019; Gelbrich, 2010; Ye et al., 2020). With Study 1, we employ a 2 (digital presence: low (employee name and company) vs. high (employee name, company and employee photo) × 2 (personalized customer salutation: NO = "Dear customer" vs. Yes = "Dear '*name*'") between-subjects design. Hence, with Study 1, set in a car rental context, we investigate the interactive effect of digital presence and customer salutation forms on rapport (Hypothesis 1) along with the mediating role of rapport on service recovery satisfaction and repatronage intentions (Hypotheses 2a/b).

With Study 2, we investigate how the interactive effect of digital presence and customer salutation unfolds when the nature of the interaction (i.e., the nature of the recovery email) changes from social to transactional by considering the role of compensation size. Here, we use the same 2 × 2 design from Study 1, extended by four conditions related to compensation size similar to Albrecht et al. (2019) (0%, 17%, 50%, and 100%). Hence, we validate the findings in relation to recovery satisfaction and repatronage intention, show that compensation size can mitigate the interactive effect of digital presence and customer salutation on recovery outcomes, and introduce—given the transactional rather than social interaction— distributive justice as another mediator in relation to payment of compensation. All studies included crowdsourced respondents taken from either Prolific Academic (Prestudy and Study 1) or Amazon
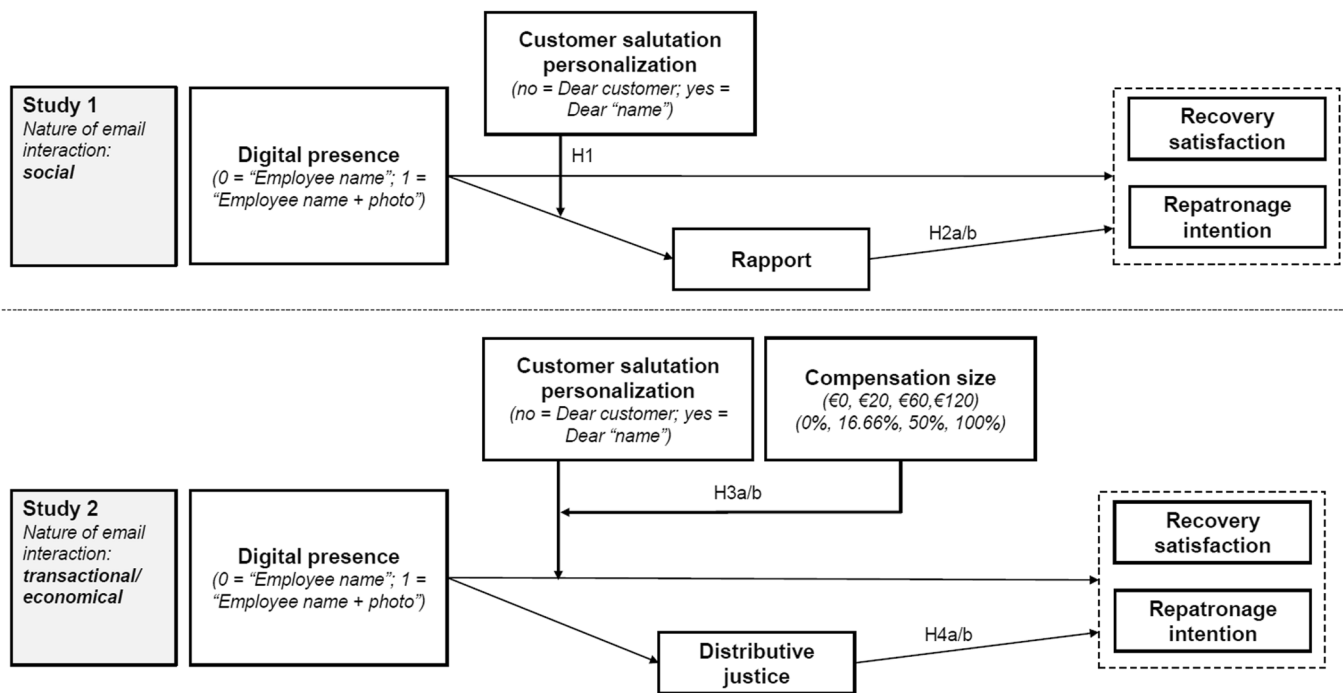
FIGURE 1 Conceptual model.

TABLE 2 Study overview

	Prestudy	Study 1	Study 2
Purpose	Assessing service employees' attitude towards showing their own photograph in an apology email with aggrieved customers; supporting the need for Studies 1 and 2	Investigating the interactive effect of digital presence and customer salutation on rapport, recovery satisfaction, and repatronage intention	Investigating the role of compensation size for the interactive effect of digital presence and customer salutation
Method	Survey	Scenario-based online experiment	Scenario-based online experiment
Experimental design	None	2 × 2	2 × 2 × 4
Context	None	Car rental	Car rental
Company	None	Fictitious (CarRent)	Fictitious (CarRent)
Sample type	Crowdworker (Prolific, US and UK)	Crowdworker (Prolific, US and UK)	Crowdworker (MTurk, US)
Focus of interaction	n.a.	social	transactional
Mediators considered	No	Yes, rapport	Yes, distributive justice
Sample	$N = 202$ frontline service employees	$N = 418$ customers	$N = 449$ customers

Mechanical Turk (MTurk) (Study 2). Table 2 provides an overview of purposes, design, and execution of these studies.

4.2 | Prestudy: Design and procedure

To provide evidence of whether frontline service employees are reluctant to show their photograph in an email signature, we surveyed 203 of them (mean age = 34 years, standard deviation

[SD] = 10), of which 81% were women, recruited and pre-screened through Prolific Academic (www.prolific.ac). Prolific Academic is a crowdsourcing platform, similar to MTurk, with many options for participant pre-screening (Peer et al., 2017). All participants passed required attention check questions (e.g., "Please answer the following question with 'fully disagree'"). We provided these employees with two scenarios. The first scenario involves imagining writing emails to aggrieved customers by providing the service employee's name and contact details. The second scenario was identical to scenario 1, but

also requested the respondent to think of providing a photograph of the service employee in the email conversation with customers after a service failure. On 5-point Likert scales, ranging from fully disagree to fully agree, we captured respondents' assessments of how uncomfortable they would feel writing such emails (single item: "I would feel uncomfortable writing Emails to aggrieved customers.") and situational turnover intention (single item: "I would probably discontinue my work for that company in the near future.") for both scenarios. We further captured demographic information as well as their general intention to work for employers with a policy to provide their own photograph in communication with customers.

4.3 | Prestudy: Results and discussion

Results indicate a significant difference between writing emails with personal details and writing emails with personal details accompanied by a photograph of the service employee (discomfort email: M_{no_photo} = 2.42, SD = 1.26 vs. M_{with_photo} = 3.30, SD = 1.28, Δ = 0.88, df = 202, t = 8.56, p < 0.001; turnover intention: M_{no_photo} = 1.92, SD = 0.97 vs. M_{with_photo} = 2.66, SD = 1.29, Δ = 0.73, df = 202, t = 8.134, p < 0.001).

Apart from the two scenarios and the assessments of turnover intention and discomfort, respondents indicated that showing photographs in email communications after a service failure would be a violation of their privacy (Item: "I consider showing a picture of me as a violation of my privacy." M = 4.06, SD = 1.16) and when having the option to choose, only five out of 203 respondents would deliberately choose to work for a service company where showing their own photographs in email communication is mandatory (yes: 5, probably: 30, no: 168). Together, these results suggest that despite the potential yet untested benefits of digital presence in service emails, employees are rather reluctant to provide their own photographs. Hence, marketers have to think carefully about when and how to use email signatures high in digital presence and whether they accept threatened employee well-being in substitute for increased rapport, recovery satisfaction, and repatronage intention. Moreover, in case there are situations where providing photographs may have even negative effects in terms of customer perceptions, this approach should be abandoned completely. The following two experimental studies shed light on the conditions under which digital presence is (in)effective by looking at combinations of digital presence and personalized customer salutation.

5 | STUDY 1

5.1 | Aim and contribution

The goal of Study 1 is to show that while digital presence can be beneficial in terms of customer outcomes such as rapport when non-personalized customer salutation is used, the opposite effect occurs when customers are addressed by their first name (H1). In addition, Study 1 establishes the role of rapport as a mediator between the interaction of digital presence and customer salutation on recovery satisfaction and repatronage intention (H2a/b).

5.2 | Design and procedure

We used Prolific Academic to recruit participants. In total 436 consumers took part. Initial data cleaning identified 11 participants who failed the attention check questions (adding 3 and 2 together) with a further 7 who failed the email signature check question, thus 18 participants were removed. The final usable sample size was 418, with all cell sizes greater than 100 (mean age = 40 years, SD = 13; 53% women). They completed a scenario-based experiment, where we chose a medium severity service failure situation in a car rental context with a fictitious car rental service provider, CarRent. Car rentals offer an appropriate service context in which to study service failures and recovery outcomes, because they often involve both electronic (e.g., when booking the car) and interpersonal (e.g., picking up or returning the car) interactions. The scenario also introduced Tom Miller, as the service employee.

This study used a 2 (digital presence: Low = "Tom Miller, CarRent" vs. High = "Tom Miller, CarRent + employee photo") × 2 (personalized customer salutation: No = "Dear customer," vs. Yes, "Dear [name]") between-subjects experimental design. The participants were asked to imagine renting a car at the airport for the price of $120. The service failure scenario described the unpleasant experience, in which the reservation was lost and they had to wait 45 min for a car to become available. The rental firm's response (apology) email, indicated to have arrived 3 days later, provided the customer salutation (dear customer vs. dear "name") and sender email signature manipulations (employee details vs. employee details + photograph). Only participants who had been previously assigned to the personalized customer salutation condition were asked to provide their first name during the survey, which then appeared in the email.[1] We used an interactive email client application embedded in the survey tool to make the email appear realistic (Appendix A). The exact wording for our scenarios appears in Appendix B. After the manipulations which were both manipulated in the email that participants received through the interactive application, participants responded to items related to the dependent variables, manipulation checks, failure severity, and realism.

5.3 | Measures

Appendix C provides measures used for Studies 1 and 2. Recovery satisfaction has three items from Gelbrich et al. (2015), repatronage

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[1] We note that this procedure is not free of limitations. In real recovery situations, service firms likely know the complaining customers' name and other details; this suggests that all participants in our experiments should provide their names. However, typing one's name in a survey may also bring about an unwanted priming: Participants that give their name and would then later be addressed as "dear customer" may wonder why they are not addressed in a personalized way. On balance, we think our approach is the less problematic one given our scenario-based experiment. We thank one reviewer for this careful observation along with their suggestion to provide alternative research designs for future research.

intention was assessed with three items adopted from Harrison-Walker (2019), and rapport has five items adapted from Gremler and Gwinner (2000). These items were anchored on 7-point scales (see Appendix C).

5.4 | Common method bias

Common method bias in the data collected may be present because single participants were used for measuring the mediator and dependent variables. We address common method bias as recommended by Podsakoff et al. (2003). First, participants were assured of confidentiality. Second, our underlying conceptual model and hypotheses were not disclosed to participants to prevent implicit theorizing. Third, participants were encouraged to answer honestly by assuring them that there are no right or wrong answers. Additionally, we conducted Harman's single-factor test (Podsakoff et al., 2003) via a single-factor confirmatory factor analysis (CFA). Results of the CFA model yielded poor model fit relative to the CFA model when all items were loaded only on their respective theoretical constructs. Finally, in response to the criticism towards single-factor tests (e.g., Baumgartner & Weijters, 2021) we additionally conducted unmeasured latent variable (random intercept CFA) test, where in particular, the unmeasured latent variable model yielded poor parsimony (i.e., higher Bayes Information Criterion, BIC value) in relation to the theoretical CFA model (Baumgartner & Weijters, 2021). Together, these results (see Table 3) indicate common method bias does not pose a problem for Study 1.

5.5 | Manipulation check

Univariate ANOVA indicates a significant effect of digital presence ($p < 0.001$) on the manipulation check variable (three-item scale, see Appendix C; $M_{no\_photo} = 3.08$, SD = 1.15; $M_{with\_photo} = 3.69$, SD = 1.19; t (415.54) = −5.64, $p < 0.001$), with no significant effects of customer salutation ($p > 0.8$) or the interaction term ($p > 0.7$). Univariate ANOVA also indicates a significant effect of customer salutation ($M_{no} = 3.83$, SD = 2.00; $M_{yes} = 5.79$, SD = 1.57; t (399.13) = −11.19, $p < 0.001$) on the single item manipulation check ("In their email to me, CarRent addressed me by my name"), with no significant effects of sender email signature ($p > 0.7$) or the interaction term ($p > 0.9$). Participants across all conditions rated the scenarios as high in realism ($5.9 < M < 6.3$, on a 7-point scale) and moderate in perceived severity ($3.2 < M < 3.4$ on a 5-point scale).

5.6 | Results and discussion

To assess the interactive effects of digital presence and customer salutation forms on the two outcomes, we used Hayes's (2018) PROCESS model 7 (with 90% CI, 5000 bootstrap samples). Results of the two model 7 analyses (i.e., one for recovery satisfaction, and one for repatronage intention) show the expected, significant interaction effect of digital presence and personalization of the salutation on rapport ($p = 0.002$). In particular, when customer salutation = 0 (Dear

TABLE 3 Common method bias model results

Study 2 satisfaction as outcome	χ^2	df	CFI	GFI	TLI	RMSEA	BIC
Theoretical CFA model	51.573	19	0.989	0.970	0.983	0.064	154.459
Harman single-factor model	552.333	20	0.816	0.0663	0.742	0.251	649.166
Unmeasured latent variable model	9.411	11	1.000	0.995	1.000	0.000	160.714
Study 2 repatronage intentions as outcome							
Theoretical CFA model	45.493	19	0.987	0.972	0.981	0.057	148.379
Harman single-factor model	332.729	20	0.849	0.826	0.789	0.192	429.563
Unmeasured latent variable model	12.870	11	0.999	0.992	0.998	0.020	164.172
Study 3 satisfaction as outcome							
Theoretical CFA model	39.153	13	0.994	0.975	0.991	0.067	130.758
Harman single-factor model	212.581	14	0.958	0.856	0.937	0.178	298.080
Unmeasured latent variable model	27.002	6	0.996	0.983	0.984	0.088	161.356
Study 3 repatronage intentions as outcome							
Theoretical CFA model	59.442	13	0.987	0.962	0.979	0.089	151.047
Harman single-factor model	658.440	14	0.822	0.699	0.733	0.321	743.939
Unmeasured latent variable model	40.787	6	0.990	0.973	0.966	0.114	175.141

Note: Theoretical CFA model when all items were loaded only on their respective theoretical constructs.

Abbreviations: BIC, Bayes Information Criterion; CFA, confirmatory factor analysis; CFI, Comparative Fit Index; GFI, goodness-of-fit index; RMSEA, Root Mean Square Error of Approximation; TLI, Tucker–Lewis Index.

Customer), the effect of enhanced email digital presence on rapport is positive ($B = 0.24$, $p = 0.098$). However, when customer salutation = 1 (Dear Name), the effect of digital presence on rapport is negative ($B = -0.40$, $p = 0.006$).

The results further show a significant positive effect of rapport on recovery satisfaction ($B = 0.84$, $p < 0.001$) and on repatronage intention ($B = 0.68$, $p < 0.001$). The conditional indirect effect of digital presence on recovery satisfaction is significant (index of moderated mediation = -0.53, BootSE = 0.17, BootCI [-0.82 to -0.25]). In particular, when customer salutation is "Dear Customer," the indirect effect of digital presence on recovery satisfaction (via rapport) is positive (Effect= 0.20, BootSE = 0.11, BootCI [0.03, 0.38]), but negative when customer salutation is "Dear Name" (Effect = -0.33, BootSE = 0.13, BootCI [-0.55, -0.11]). Similarly, the conditional indirect effect of digital presence on repatronage intention is significant (index of moderated mediation = -0.43, BootSE = 0.15, BootCI [-0.69, -0.21]). In particular, when customer salutation is "Dear Customer," the indirect effect of digital presence on repatronage intention (via rapport) is positive (Effect= 0.16, BootSE = 0.09, BootCI [0.02, 0.31]), but negative when customer salutation is "Dear Name" (Effect = -0.27, BootSE = 0.11, BootCI [-0.46, -0.10]). Thus, hypotheses H1 and H2a/b are fully supported. Figure 2 displays the interaction plots for rapport (hypothesized), recovery satisfaction, and repatronage intention.

6 | STUDY 2

6.1 | Aim and contribution

Many recovery efforts involve offering aggrieved customers compensation (Albrecht et al., 2019). Such compensation however changes the interactional nature of the email from social to transactional/economical; the aim of Study 2 is to investigate if (and for which size) compensation offsets the negative interactive effect of digital presence and customer salutation personalization. Further, because of the transactional nature of emails that involve compensation, this study further tests the role of distributive justice—a mediator relevant when transactional elements are made salient.

6.2 | Design and procedure

Study 2 uses the car rental scenario from Study 1 and builds on the interaction effects found in Study 1 when no compensation is offered. By introducing compensation size (none vs. $20 vs. $60 vs. $120) as another moderator, we investigate whether it is possible to remedy the negative effect of sender email signatures high in digital presence (including a service employee's name and photo vs. just name) when the customer is addressed by name. Thus, the study design is a 2 (digital presence: Low = "Tom Miller, CarRent" vs.
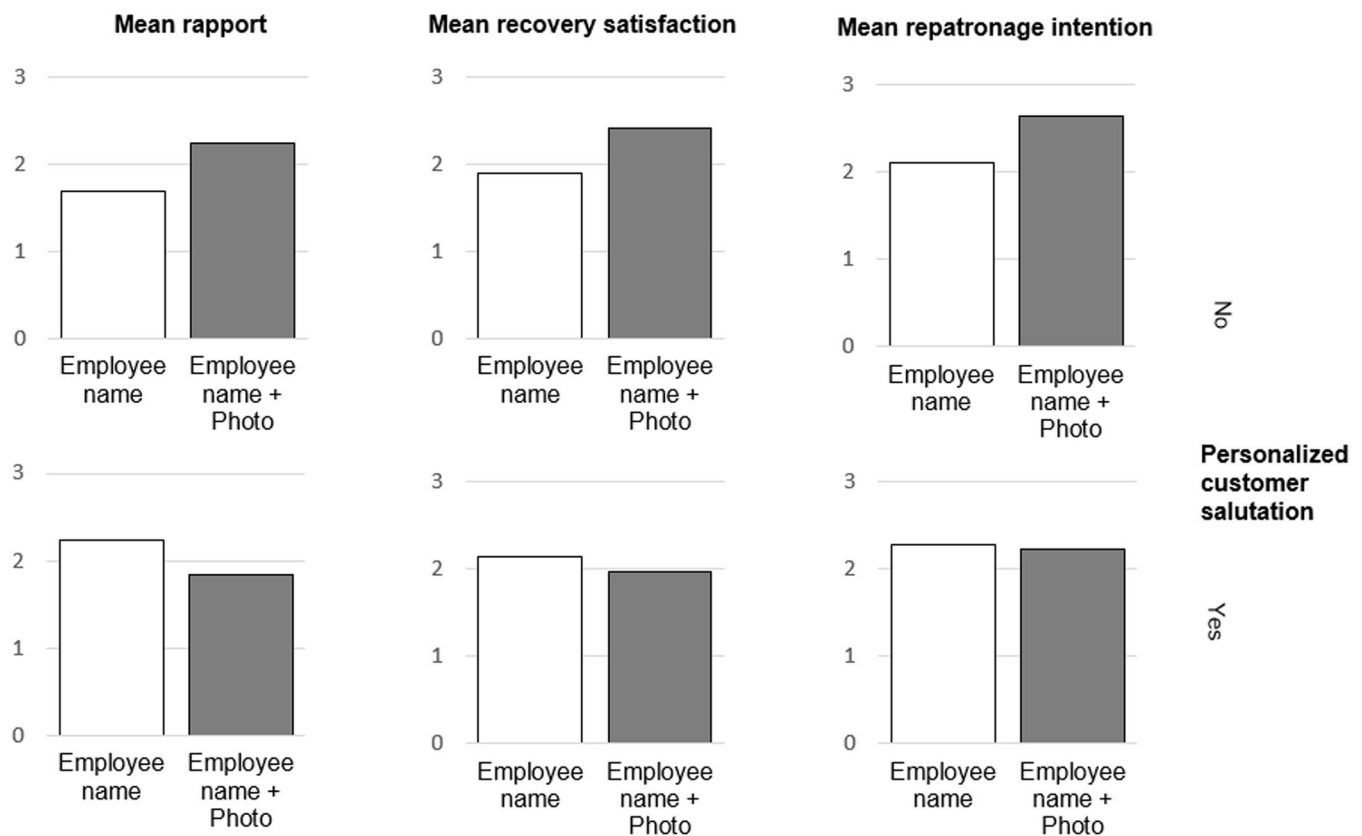

FIGURE 2 Interaction results for rapport (Study 1).

High = "Tom Miller, CarRent + employee photo") × 2 (personalized customer salutation: NO = "Dear customer" vs. YES = "Dear [name]") × 4 (compensation size = $0 vs. $20 vs. $60 vs. $120), between-subjects experiment (see Appendix B). Participants were randomly assigned to one of the 16 experimental conditions.

A total of 546 MTurk workers participated in the study. We cleaned the data consistent with Albrecht et al. (2019); 97 (18%) failed at least one of the two (sender email signature and compensation) manipulation checks and were removed, leaving 449 (82% of original sample) respondents for further analyses (Appendix B). The cell sizes for the 16 experimental conditions ranged from 20 to 32; participants' mean age was 41 years (SD = 12), and 50% were women.

6.3 | Common method bias

As in Study 2, similar data collection procedures regarding participants were adopted to minimize the occurrence of method bias. We also undertook a post hoc assessment for common method bias regarding the measure of distributive justice, the mediator, with respect to each of the two outcomes, recovery satisfaction and repatronage intentions. Relative to the CFA where all items were loaded only on their respective theoretical constructs, both Harman's single-factor CFA and the unmeasured latent variable model yielded poor model fit when parsimony is taken into account (Baumgartner & Weijters, 2021). See Table 3 for results.

6.4 | Manipulation check and measures

A t-test affirmed that participants correctly perceived the form of customer salutation (M_{no} = 3.60, SD = 2.16; M_{yes} = 6.20, SD = 1.26; t (345.51) = −15.48, p < 0.001). Across the 16 conditions, the scenarios were rated as high in realism (5.8 < M < 6.6).

We measured recovery satisfaction and repatronage intentions with the items from Study 1. For measuring distributive justice, we included four items adapted from Maxham and Netemeyer (2002) (see Appendix C).

6.5 | Results and discussion

6.5.1 | Explaining recovery satisfaction

The results of PROCESS model 3 (Hayes, 2018) with indicator coding for the multi-categorical compensation size (CS) variable reveal significant three-way interaction effects on recovery satisfaction if we contrast the reference condition (CS = $0) against CS = $20 ($p$ < 0.001), CS = $60 ($p$ = 0.084), and CS = $120 ($p$ = 0.013), as plotted in Figure 3 (Panel A). In addition, the conditional interaction effect of digital presence and personalization of the salutation on recovery satisfaction is significant when CS = $0 ($B$ = −1.49, p = 0.016) or CS = $20 ($B$ = 2.64, p < 0.001) but not when CS = $60 ($p$ > 0.9) or CS = $120 ($p$ > 0.3). Figure 3 (Panel A) also reveals a mean level increase in recovery satisfaction when consumers are offered $60 or $120, relative to no compensation (CS = 0).
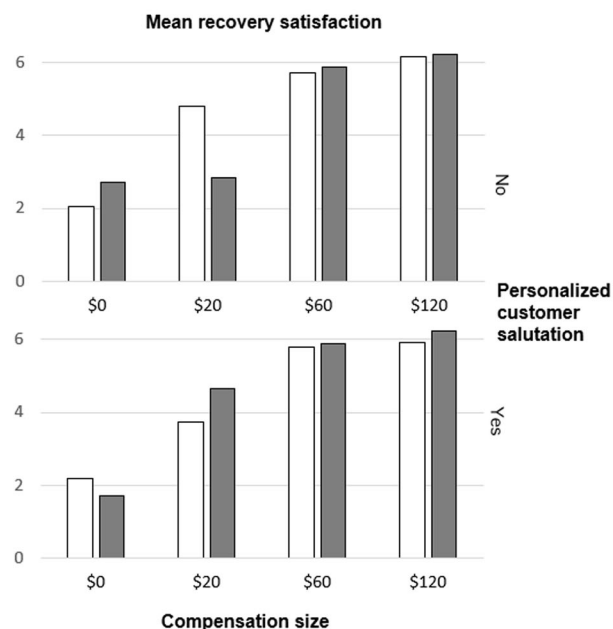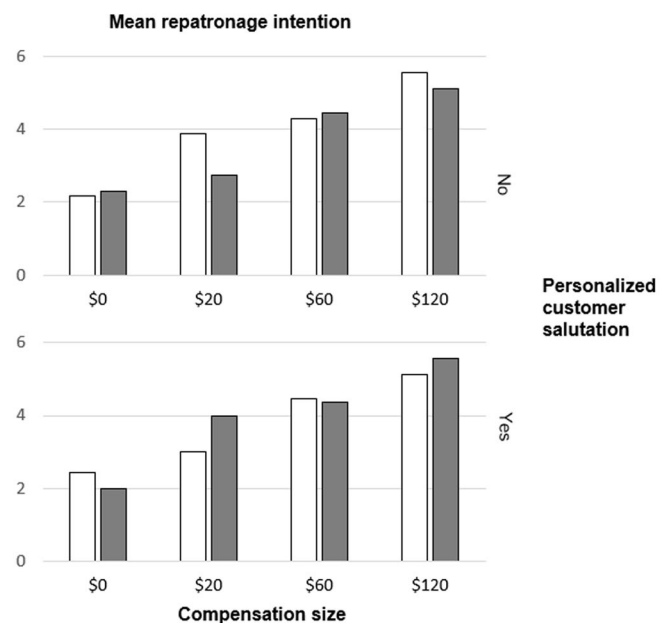
FIGURE 3 Three-way interaction results (Study 2).

A further examination (PROCESS model 3) with Helmert coding finds that the interaction effect of digital presence and customer form of salutation is significant when we contrast CS = $0 with the combination of CS = $20, $60, and $120 ($p < 0.001$) or CS = $20 with the combination of CS = $60 and $120 ($p < 0.001$). It is not significant for the contrast of CS = $60 versus CS = $120 ($p > 0.4$). That is, we find no difference in the effects on recovery satisfaction across the two higher compensation conditions.

In summary, by offering $20 compensation, the firm can eliminate the negative effect of sender email signature that differ in digital presence (low vs. high) when the salutation is personalized. Satisfaction levels increase overall with $20 compensation (vs. no compensation), and furthermore, when the compensation levels reach $60 or more (i.e., 50%–100% of the rental cost), recovery satisfaction exceeds that in the no compensation or $20 compensation conditions, irrespective of level of digital presence or customer salutation forms. Yet the results do not support the case for offering more than $60 (i.e., 50% of the rental cost) in compensation.

We further tested for mediation by distributive justice with PROCESS model 11. The model 11 results show a significant direct effect of distributive justice on recovery satisfaction ($B = 0.98$, $p < 0.001$), with no significant direct effect of digital presence ($p > 0.3$) indicating that the effect of digital presence on recovery satisfaction is fully mediated by distributive justice. Hence, we consider H4a as supported. Further, the mediated model performed well by explaining 63% of variance in the mediator (distributive justice) and 82% of variance in the outcome (recovery satisfaction). Follow-up analyses (via PROCESS model 7) were conducted to probe the moderated mediation effects at CS = $0. Results for CS = 0 confirm the significant moderated mediation effect (index of moderated mediation = -0.78, 95% CI [-1.58 to $-.13$]) with significant indirect effect ($B = -0.71$, 95% CI [-1.20 to -0.28]) of digital presence on recovery satisfaction (mediated by distributive justice) at high level of customer salutation personalization (Dear "name"), but not significant ($B = 0.07$, 95% CI [-0.39 to 0.63]) at low level of salutation personalization (Dear customer). Results for CS = $120 confirm the significant moderated mediation effect (index of moderated mediation = 0.59, 95% CI [0.03–1.31]) with significant indirect effect ($B = 0.66$, 95% CI [0.20–$.23$]) of digital presence on recovery satisfaction (mediated by distributive justice) at high level of customer salutation personalization (Dear "name"), but not significant ($B = 0.06$, 95% CI [-0.33 to 0.38]) at low level of customer salutation personalization (Dear customer).[2]

6.5.2 | Explaining repatronage intentions

The results obtained from PROCESS model 3 (Hayes, 2018), again using indicator coding for the multicategorical CS variable, reveal significant three-way interaction effects on repatronage intentions

when we contrast the reference condition (CS = $0) against CS = $20 ($p = 0.002$) but not against CS = $60 ($p = 0.603$) or CS = $120 ($p = 0.056$), as plotted in Figure 3 (Panel B). The conditional interaction effect of digital presence and salutation forms on repatronage intentions is significant if CS = $20 ($B = 2.12$, $p < 0.001$) but not if CS = 0 ($p = 0.312$), CS = $60 ($p = 0.717$), or CS = $120 ($p = 0.081$). Notably, the effect of a sender email signature high (vs. low) in digital presence on repatronage intentions is significant when CS = $20, whether the salutation is personalized ($B = -1.18$, $p = 0.004$) or not ($B = 0.94$, $p = 0.021$). Figure 3 (Panel B) indicates a mean-level increase in repatronage intentions when consumers are offered $60 or $120 rather than no compensation. When we apply Helmert coding, the interaction effect of digital presence and form of customer salutation is significant for the contrast of CS = $0 against the combination of CS = $20, $60 and $120 ($p = 0.028$) and in the contrast of CS = $20 against the combination of CS = $60 and $120 ($p = 0.017$). However, the interaction effect is not significant for the contrast of CS = $60 against CS = $120 ($p = 0.135$), indicating no difference in effects across the two higher compensation conditions.

The results of the analysis using indicator coding show that the three-way interaction effect on repatronage intentions is significant when we contrast CS = $0 against CS = $20 (see Figure 3, Panel B). The pattern of the interaction effect for CS = $0 also is attenuated, leading to an overall, mean-level increased effect, when CS > $0. We again find no difference in effects for the two highest ($60 and $120) compensation conditions. Thus, the results of all analyses of the predicted three-way interactions broadly support Hypotheses 3a and 3b. Additionally, with PROCESS model 11 (5000 samples, 95% CI, Helmert coding), we find evidence of a direct effect of distributive justice on repatronage intentions ($B = 0.79$, $p < 0.001$), but no direct effect of digital presence ($p > 0.4$), indicating full mediation and support for H4b. Again, follow-up analyses (via PROCESS model 7) were conducted to probe the moderated mediation effects at CS = $0. Results for CS = $0 confirm the significant moderated mediation effect (index of moderated mediation = -0.66, 95% CI [-1.19 to -0.15]) with significant indirect effect ($B = -0.60$, 95% CI [-1.01 to $-.26$]) of digital presence on repatronage intention (mediated by distributive justice) at high level of salutation personalization (Dear "name"), but not significant ($B = 0.06$, 95% CI [-0.38 to 0.48]) at low level of customer salutation personalization (Dear customer). Results for CS = $120 confirm the significant moderated mediation effect (index of moderated mediation = 0.70, 95% CI [0.04–1.40]) with significant indirect effect ($B = 0.77$, 95% CI [0.29–1.30]) of digital presence on repatronage intention (mediated by distributive justice) at high level of salutation personalization (Dear "name"), but not significant ($B = 0.07$, 95% CI [-0.37 to 0.47]) at low level of customer personalization (Dear customer).

In summary, if the firm offers $20 compensation, the negative effect of digital presence (low vs. high) when customers are addressed in a personalized (vs. nonpersonalized) way disappears. Repatronage intentions increase overall in response to $20 compensation (vs. no compensation). Here again, the results do not create a case for offering more than $60 in compensation.

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[2]Results for $20 and $60 are available upon request.

7 | GENERAL DISCUSSION

Effective service recovery efforts can be a source of competitive advantage (Antonetti et al., 2021; Van Vaerenbergh & Orsingher, 2016). Although email-based service recovery is widely used, service firms cannot yet rely on research guidance to devise the best ways to design and word these apology emails. Some scarce research recommends that service firms should employ nonautomated, information-rich apology emails with sender email signatures (i.e., relatively high in digital presence) and personalized salutations to reassure customers that their grievances will be addressed (Neale & Murphy, 2007; Ozuem et al., 2017). This recommendation is consistent with marketing literature that indicates a positive effect of personalization on mail opening rates (Sahni et al., 2018) and mail survey response rates (Griggs et al., 2018; Yu & Cooper, 1983). But we challenge these recommendations by noting that we hypothesize and find that a personalized salutation actually can violate customers' relationship expectations, detrimentally affecting recovery outcomes, depending on the degree of digital presence in the sender email signature adopted.

In sum, when the service recovery email addresses the customer by name and provides additional employee details (e.g., photo), this mismatch can have detrimental effects on rapport (when the interactional nature is social), perceived distributive justice (when the interactional nature is more transactional), lead to lower recovery satisfaction, and diminish repatronage intentions. However, the negative interactive impact of sender email signatures high in digital presence and personalized customer salutation on customer outcomes can be attenuated by offering financial compensation.

Such considerations are important for both conceptual and managerial reasons. Conceptually, our findings contribute to a better understanding of the efficacy of email-based service recovery efforts. They emphasize that marketing scholars need to move beyond comparisons of complaint channels (e.g., personal vs. social media) and examine how emails should be worded, especially relative to both customer salutations and sender email signatures, to achieve the best levels of customer recovery satisfaction and other customer outcomes. For managers, such insights may offer viable options, given that changes to the salutations and email signatures (content) in apology emails can be implemented with little difficulty, cost, or notice.

7.1 | Theoretical implications

Our results contribute to theoretical discussions in the services and broader marketing literature, particularly by expanding the view on effective service-recovery efforts to digital presence conveyed through sender email signatures relative to recipient personalization effects. In line with Fiske's, (1991, 1992) unified theory of social relations, we find that after a service failure, the service provider and aggrieved customer enter into a hierarchical relationship, in which the service provider seemingly should be subordinate to the customer. However, the service firm risks violating this hierarchical relationship

if it addresses the aggrieved customers by name, which can result in a negative effect on recovery outcomes, most notably rapport.

This study represents the first attempt to theorize and to test this interactive effect empirically in relation to a service failure. Even if a sender email signature high in digital presence on its own may be conducive to restore rapport, in combination with personalized forms of customer salutation, it can initiate a negative influence on rapport, distributive justice, and recovery outcomes. In other words, too much digital presence combined with a personalized customer salutation detrimentally affects key recovery outcomes. We extend existing research by varying the degree of digital presence in sender email signatures and recipient salutation; in confirming the negative interactive effect of sender email signature and form of customer salutation in a typical failure context and in situations when the customer complains in person (Studies 1 and 2).

Furthermore, we extend understanding of how compensation can help appease aggrieved customers. Compensation equivalent to up to 50% of the price of the failed service dampens the negative interactive effect of digital presence and salutation forms on recovery satisfaction and repatronage intentions. However, increasing compensation to 100% of the price does not increase recovery satisfaction any further, in line with Albrecht et al.'s (2019) finding that high levels of recovery satisfaction can be achieved at medium levels of compensation. Gelbrich et al. (2015) also find a nonlinear relationship between compensation size and recovery satisfaction and suggest an optimal compensation size below 100% (e.g., 70%–80% of the loss) if recovery satisfaction is the goal.

7.2 | Managerial implications

Service firms have strong incentives to deal with service failures in an equitable and customer-oriented manner, and our results are of practical value in this effort, because sender email signature and forms of customer salutation in apology emails can be adjusted with little effort. Conventional wisdom holds that it is cheaper, and more profitable, for service firms to retain existing than to acquire new customers (Heskett et al., 1994). The highest levels of customer satisfaction and retention may result from failure-proof service processes (McCollough et al., 2000), but that goal is elusive, not least because establishing failure-proof processes would be prohibitively expensive. Therefore, service firms' strategic goal should be to establish effective service recovery processes that yield high levels of customer recovery satisfaction (Swanson & Kelley, 2001). Email marketing practitioners suggest it is always advisable to use a high level of recipient personalization in customer-directed emails (Jones, 2021). Our findings suggest a more nuanced view is needed regarding the way recipient personalization and the sender's email signature are used in recovery emails. Specifically, we recommend that service firms avoid unintentionally inducing damaging effects by relying on personalized customer salutation in their email-based service recovery efforts. Service providers may wish to avoid personal salutations when writing to aggrieved customers and instead offer apology emails with

sender email signatures high in digital presence only; with this approach, the firm does not activate the customer's sense of self but instead focuses them on the information present.

However, some service firms may not want to dispense altogether with personal salutations, especially if they perceive a need to convey empathy to their aggrieved customers (Bacile et al., 2018) or already have strong relationships with customers and regularly greet them by name (Beatty et al., 1996; Raajpoot, 2004). Indeed, the vast majority of marketers in the U.S. (92%) report that their customers and prospects expect a personalized experience and 74% personalize email messages to target individual consumers (Evergage, 2020). In such scenarios, service providers have several alternatives.

Firms can address the customer by name, thereby activating the "self," but not provide employee information that conveys high digital presence, thus maintaining the appropriate hierarchical social distance, in which the customer feels they are the "superior" party in the relationship. Rapport represents an important construct in its own right through its relationship with key service outcomes. Our results in relation to rapport (Study 1) are managerially relevant because we show that the level of rapport shifts with changes of combinations of salutation and digital presence in the email signature. We find customers' perceived level of rapport to be highest (lowest) when aggrieved customers are (not) addressed by name and the email signature only contains the service employee's name. Once the level of social presence in the email is increased by adding the employee's photograph in the signature (while the customer is addressed in the salutation by name) perceived rapport decreases. Interestingly though, adding the employee's photograph can have a rapport-enhancing effect when the customer is not addressed by name (but only as 'Dear Customer') (see Figure 2). The practical implication that results from this finding is that a salutation by name should only be used when the email does not end with a signature conveying high digital presence (i.e., containing the sender's photograph). The Prestudy further suggests that emails containing the sender's photograph are not welcomed by frontline service employees, further questioning the use of email signatures high in digital presence in combination with salutation by name.

Moreover, firms can turn to financial compensation, because as we show, it enhances perceptions of distributive justice, satisfaction, and repatronage intentions. For medium severity failures (i.e., the ones studied in Study 1 and 2), service providers need not offer total compensation; just 50% of the service price is sufficient, as demonstrated by the Study 2 results in relation to distributive justice and the two recovery outcomes. Such detailed insights should be informative for service providers who need to balance their pursuit of customer recovery satisfaction with the costs of service recovery efforts.

Although not the focus of our study, we would argue that it is more advisable to contact aggrieved customers by email than through social media. Extant research has investigated service firms' service recovery efforts through social media (e.g., Bacile et al., 2018; Istanbulluoglu, 2017; Weitzl et al., 2018), which has revealed both benefits and shortcomings. For example, service firms with a social

media account (e.g., Facebook, Twitter) create an online listening device and service recovery channel, in which casual followers and visitors can see a potentially large number of service failure–related posts and tweets, which is not in the interest of the firm (Gu & Ye, 2014). Schaefers and Schamari (2016, p. 192) emphasize that in "contrast to traditional channels, the complaint and a firm's recovery efforts are visible to passive observers who are virtually present." This substantial service recovery transparency is not necessarily desirable, especially if the service recovery is unsuccessful, which could have negative implications for various important customer outcomes (Hogreve et al., 2019). In contrast, emails generally are visible only to the recipient, that is, the individual aggrieved customer. For example, many airlines, shipping, and car rental companies notify (and apologize to) their customers via email of cancellations or delays (Das et al., 2019; Marr, 2017; Perkins, 2016).

7.3 | Limitations and further research

Some limitations of this study suggest options for further research. The Prestudy assessed service employees' preferences for email communication with aggrieved customers but did not test specific hypotheses. Future research could further unfold reasons behind employees' reluctance to providing their own photographs in email conversation. Concerning the experimental studies, as always, there are advantages and disadvantages compared to a field experiment. While the internal validity may be high, the concern is always with the external validity and suggests the need to study these issues in field studies as well in future studies.

Our analyses in Studies 1 and 2 are based on medium severity service failures. Continued efforts could attempt to generalize our findings to low severity (e.g., short wait times, late delivery of non-essential items) or high severity (e.g., breakdown of rented car) failures. The scenarios stipulated that the aggrieved customer received a written apology within 3 days of the service failure, but additional studies might address the length of time customers regard as most appropriate. They might not appreciate quick responses, which could seem automatic, and instead prefer for the service firms to deliberate on the problem and think through an appropriate form of redress (Mattila et al., 2013). Customers' compensation expectations also may be a function of the time it takes the service provider to recover them (Hogreve et al., 2017). Speedy apology emails that also offer compensations might seem too fast, failing to evoke appreciation; we call for studies to explore the interactive effects of different sender email signatures and customer salutations at varying levels of service firm response speed and compensation. We also note that Study 2 had a relatively small size for the number of conditions and therefore may be underpowered. Future studies should endeavor to have larger sample sizes to validate these results. Finally, we investigated the mediating role of distributive justice in Study 2. Future studies could consider interactive justice, which refers to the quality of interpersonal treatment received by an aggrieved customer, as a mediating variable.

7.4 | Conclusion

At the heart of successful service recovery efforts is the firm's communication with the aggrieved customer. Due to the growth and availability of customer data, service firms can contact scores of customers directly and inexpensively through email. Our research represents a step forward in understanding how digital presence of the service employee in email apologies interacts with the way the customer is addressed in the email opening. Specifically, two experimental studies show that increased digital presence (in the form of employee photographs in email signatures) only has positive effects on rapport, and subsequently recovery satisfaction and repatronage intention, when customer salutation is non-personalized (i.e., "Dear customer"). There is a backfiring effect when the customer is addressed in a personalized way (i.e., "Dear 'name'"), such that increased digital presence has a negative effect on recovery outcomes. This finding is especially important for service manage-ment practice, as our Prestudy showed that service employees are reluctant to provide their photograph in communications with aggrieved customers–a finding that calls for careful analysis when and how digital presence should be shown in service recovery. Finally, the results also suggest that the interactive effect disappears when compensation is involved.

DATA AVAILABILITY STATEMENT
The data that support the findings of this study are available from the corresponding author upon reasonable request.

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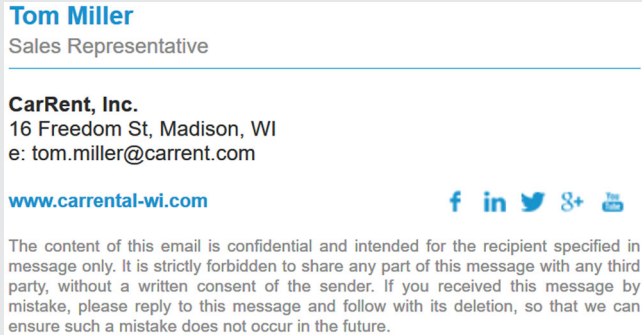
APPENDIX A
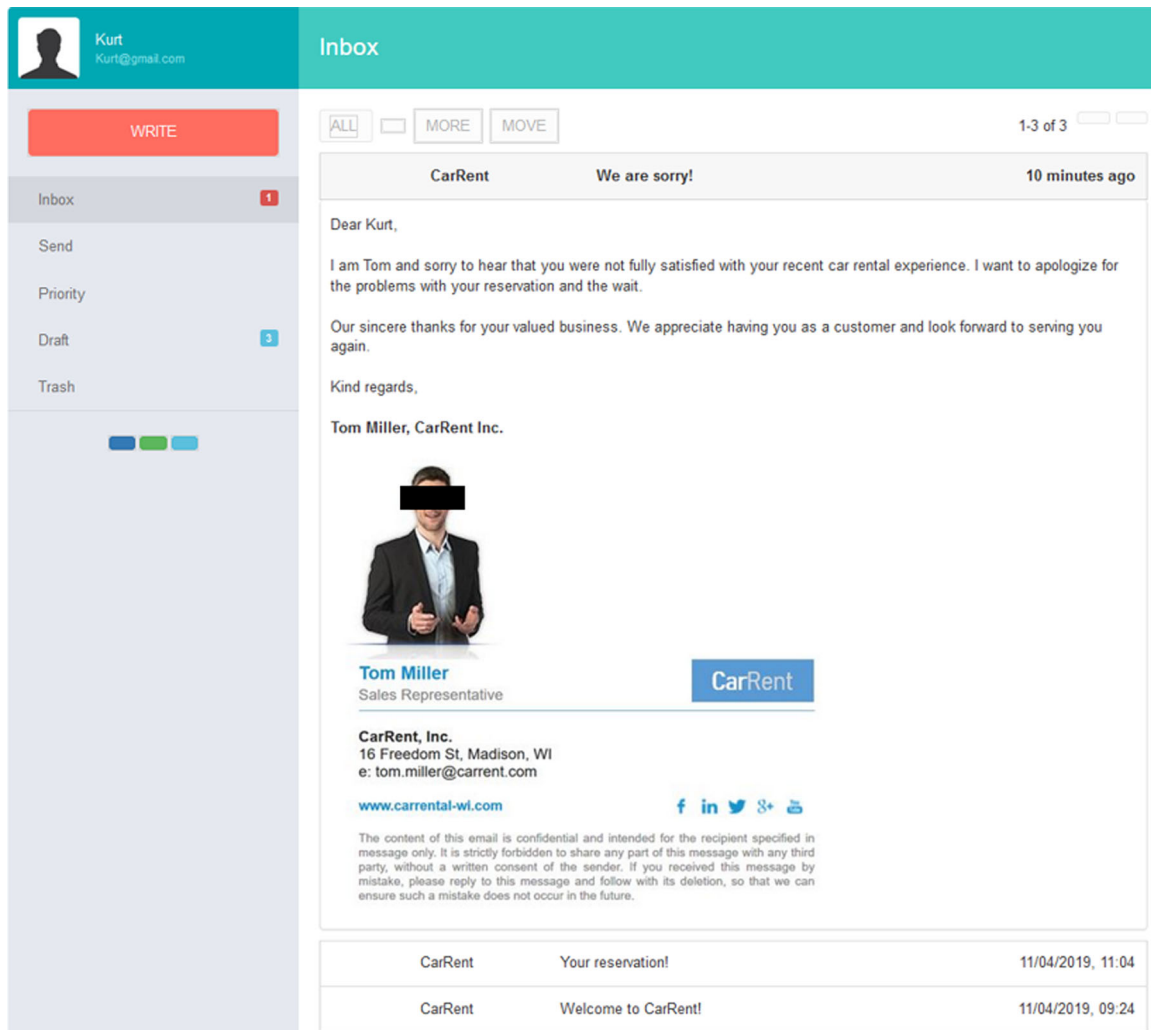
Figure A1

FIGURE A1 Screenshot of interactive email client

Note: We only had approval for showing this employee photograph during the survey, hence, to ensure anonymity, we use a black bar to hide the picture. Participants, however, could see the photograph without any restrictions.

APPENDIX B

Scenario descriptions for Studies 1 and 2

Study 1

	Digital presence: Tom Miller	Digital presence: Tom Miller and photograph
Introduction:	You are at the airport and go to the *CarRent* car rental to pick up the booked standard sedan car at the agreed time. The rental price is $120 per day; you are hiring the car for one day. When you get to the car rental you are told by the agent, Tom Miller, that he cannot find your reservation and that there was currently no car available for you to hire. You are told that if you wait a car should become available. After 45 min, a standard sedan car is available and you sign the rental contract. Before you leave the car rental you complain to Tom about the lost reservation and wait time. You get reassured that you will be contacted by the car rental company within three days.	
Customer salutation: Non-personalized/ personalized	"Dear customer/[first Name], I am Tom and sorry to hear that you were not fully satisfied with your recent car rental experience. I want to apologize for the problems with your reservation and the wait. Our sincere thanks for your valued business. We appreciate having you as a customer and look forward to serving you again. Kind regards Tom Miller, *CarRent* 	"Dear customer/[first Name], I am Tom and sorry to hear that you were not fully satisfied with your recent car rental experience. I want to apologize for the problems with your reservation and the wait. Our sincere thanks for your valued business. We appreciate having you as a customer and look forward to serving you again. Kind regards Tom Miller, *CarRent*

Study 2

	Digital presence: Tom Miller	Digital presence: Tom Miller and photograph
Introduction:	You are at the airport and go to the *CarRent* car rental to pick up the booked standard sedan car at the agreed time. The rental price is $120 per day; you are hiring the car for one day. When you get to the car rental you are told by the agent, Tom Miller, that he cannot find your reservation and that there was currently no car available for you to hire. You are told that if you wait a car should become available. After 45 min, a standard sedan car is available and you sign the rental contract. Before you leave the car rental you complain to Tom about the lost reservation and wait time. You get reassured that you will be contacted by the car rental company within three days.	
Customer salutation: Non-personalized/ personalized	"Dear customer/[Name]	"Dear customer/[Name],
Compensation level $0 (0%)	I am Tom and sorry to hear that you were not fully satisfied with your recent car rental experience. I want to apologize for the problems with your reservation and the wait. Unfortunately, we cannot offer *you any financial compensation*.	I am Tom and sorry to hear that you were not fully satisfied with your recent car rental experience. I want to apologize for the problems with your reservation and the wait. Unfortunately, we cannot offer *you any financial compensation*.

$20 (17%) | $60 (50%) | $120 (100%)

We are sorry to hear that you were not fully satisfied with your recent car rental experience . We want to apologize for the problems with your reservation and the wait. We want to offer you a compensation of [$20/$60/$120]. Please find a check enclosed with this letter.

Our sincere thanks for your valued business. We appreciate having you as a customer and look forward to serving you again.

Kind regards

Tom Miller, *CarRent*

Tom Miller
Sales Representative

CarRent, Inc.
16 Freedom St, Madison, WI
e: tom.miller@carrent.com

www.carrental-wi.com   f in ✗ 8+ ▶

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We are sorry to hear that you were not fully satisfied with your recent car rental experience . We want to apologize for the problems with your reservation and the wait. We want to offer you a compensation of [$20/$60/$120]. Please find a check enclosed with this letter.

Our sincere thanks for your valued business. We appreciate having you as a customer and look forward to serving you again.

Kind regards

Tom Miller, *CarRent*

Tom Miller
Sales Representative

CarRent, Inc.
16 Freedom St, Madison, WI
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www.carrental-wi.com   f in ✗ 8+ ▶

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APPENDIX C

Measurement items

	Study 1 (n = 418)	Study 2 (n = 449)
Rapport (1 = strongly disagree, 7 = strongly agree)	$\alpha = 0.88$ CR = 0.89 AVE = 0.62	
I enjoyed receiving the Email from CarRent.	0.86	
The Email from CarRent felt like we had a harmonious relationship.	0.79	
The Email made me feel like there is a bond between CarRent and myself	0.82	
I look forward to receiving another Email from CarRent.	0.61	
The Email suggests to me CarRent took a personal interest in me.	0.84	
Recovery satisfaction (1 = strongly disagree, 7 = strongly agree)	$\alpha = 0.95$ CR = 0.95 AVE = 0.85	$\alpha = 0.98$ CR = 0.98 AVE = 0.94
In my opinion, CarRent provided a satisfactory resolution to the problem on this particular occasion.	0.93	0.98
I am satisfied with CarRent's handling of the problem.	0.93	0.97
I am satisfied with CarRent's response to the problem.	0.91	0.97
Repatronage intention (1 = strongly disagree, 7 = strongly agree)	$\alpha = 0.78$ CR = 0.83 AVE = 0.62	$\alpha = 0.93$ CR = 0.94 AVE = 0.83

	Study 1 (n = 418)	Study 2 (n = 449)
It is likely that I would still use CarRent if I need to rent a car again.	0.91	0.98
It is likely that I would never use CarRent again. (reversed)	0.55	0.78
I would definitely use CarRent if I needed to rent a car again.	0.86	0.96
Distributive justice (1 = strongly disagree, 7 = strongly agree)		$\alpha = 0.94$ CR = 0.94 AVE = 0.80
The outcome I received was fair.		0.87
I did not get what I deserved. (reversed)		0.92
In resolving the problem, CarRent gave me what I needed.		0.82
The outcome I received was not right. (reversed)		0.96
Digital presence manipulation check scale	$\alpha = 0.77$	*
The email apology used a variety of different cues to inform me about the sender. (1 = strongly disagree, 7 = strongly agree) To what extent did the email provide information on the sender? (1 = not at all, 7 = to a very large extent) To what extent did the email contain relevant information about the sales representative? (1 = not at all, 7 = to a very large extent)		
Customer form of salutation manipulation check 1 = strongly disagree, 7 = strongly agree)		
In their email to me, CarRent addressed me by my name.		
Realism of the scenario (1 = strongly disagree, 7 = strongly agree) There are problems like this in real life. The scenario is realistic.	$\alpha = 0.83$	$\alpha = 0.76$
Failure severity (5-point semantic differential; e.g., 1 = a minor problem, 5 = a major problem) In my opinion, the described situation represents …a minor problem./…a major problem. …a small inconvenience./…a big inconvenience. …a minor aggravation/…a major aggravation.	$\alpha = 0.92$	**

*Not captured because all participants who failed the single manipulation check question were removed from further analysis.

**Not captured because the scenario was the same as in Study 2.