Can customer relationships backfire? How relationship norms shape moral obligation in cancelation behavior

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A R T I C L E   I N F O

A B S T R A C T

While prior research indicates that establishing interpersonal interaction with customers is mostly beneficial, this work reveals that the impact of social ties depends on relationship norms (communal vs. exchange). In three studies, including a real-world field dataset ($N = 87,615$ customers), the current investigation demonstrates the conditions under which interpersonal relationships can increase or decrease customers' cancelation behavior. The findings indicate that communal (vs. exchange) relationships can increase customers' future cancelation behaviors. The findings also demonstrate that perceived moral obligation underlies interpersonal effects on cancelation behavior. That is, when providers develop communal (vs. exchange) ties, consumers feel that their interaction with the providers is in a closed social context, which tends to reduce their obligations towards attending their booking, thus increasing cancelation behavior. Theoretical and practical implications for business researchers and practitioners are discussed.

1. Introduction

Canceled bookings are logistical and financial challenges for businesses (Sánchez-Medina & Eleazar, 2020). For instance, up to 60% of hotel guests cancel their reservations (D-Edge, 2019; Hotel Minder, 2020), especially during COVID-19 times (Sigala, 2020). Recent advancements in information technologies (e.g., Booking apps) made the cancelation process easier than ever, resulting in a bumpy recovery for the tourism business (NBC News York, 2022). Given the adverse consequences of booking cancelations (Masiero, Viglia, & Nieto-Garcia, 2020), it is not surprising that global hotel brands such as the Ritz Carlton or Hilton rely on interpersonal relationships to enhance customer loyalty (Hyken, 2018), since "preserving client relationships is everything" (The Hotel News, 2020).

In response to booking cancelations, some hotels have made efforts to increase relationship personalization or offer discounts in the hopes to reduce cancelation behavior (Ezeeabsolute, 2021). Although focusing on relationship personalization or interpersonal interaction is supported by the extant literature (Gremler & Gwinner, 2008; Shuqair, Pinto, & Mattila, 2019; Umashankar, Ward, & Dahl, 2017; Moore, Ratneshwar, & Moore, 2012; Bilgihan & Bujisic, 2015; Hart, Smith, Sparks, & Tzokas, 1999), there is some evidence to suggest that personal relationships might backfire, thus having a detrimental effect on loyalty (e.g., Aaker, Fournier, & Brasel, 2004; Bock, Folse, & Black, 2016; Wan, Hui, & Wyer, 2011).

To resolve mixed research findings, we rely on a conceptual framework based on communal versus exchange relationship norms (Aggarwal, 2004; Clark & Mills, 1993; Shuqair, Pinto, & Mattila, 2021; Yang & Aggarwal, 2019), to suggest that establishing an interpersonal relationship with customers is not always beneficial. The relationship norms framework suggests that people differ in the way they evaluate, perceive, and/or respond to service providers or brands (Clark & Mills, 1993). We expect that establishing social ties can be sometimes troublesome under communal relationship norms, because of perceived moral obligations related to booking cancelations. As a such, when providers develop communal ties, consumers feel that their interaction

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with the providers is in a closed social context (e.g., Yang & Aggarwal, 2019), which tends to reduce their obligations towards attending their booking. Put simply, when customers experience high levels of meaningful closer interpersonal interaction (i.e., communal relationships), they feel less obligated to keep their future bookings. That is, receiving benefits in a communal relationship does not necessarily create a reciprocal moral obligation, as prior research suggested (Clark & Mills, 1993). Indeed, we posit that moral obligations would vary based on how customers view their relationship with the providers as being communal (vs. exchange); in particular, how communal relationships influence the level of perceived moral obligations, which in turn influence cancelation decisions.

By doing so, the current research offers three key contributions. First, we broaden our understanding of how relationship norms experienced within the service encounter can elicit different reactions towards future behavioral intentions (Aggarwal & Law, 2005; You et al., 2021). Second, we provide new insights on perceived moral obligation under communal (vs. exchange) norms, by showing that moral obligation depends on the relational context in which those actions occur. Third, much of prior research in marketing manipulated relationship norms communal and exchange norms using hypothetical scenarios or recall tasks (Aggarwal, 2004; Chen, He, Hu, & Kim, 2020), we complement previous findings' by using a field dataset from hospitality customers.

2. Theoretical background

2.1. Cancelation behavior in the hotel industry

Given the importance of the topic, booking cancelations (or cancelation behavior) have received increasing attention in the hospitality literature. Prior studies have also demonstrated that restrictive cancelation policies (e.g., Smith, Parsa, Bujisic, & Van der Rest, 2015; Benítez-Aurioles, 2018; Antonio, De Almeida, & Nunes, 2017; Chen & Xie, 2013; Smith et al., 2015) and overbooking policies (e.g., Noone & Lee, 2011; Wangenheim & Bayón, 2007) affect cancelation behavior. Most of these studies focus on revenue management (e.g., Ivanov & Zhechev, 2012), while a few recent works have examined the likelihood of cancelation behavior (Antonio et al., 2017, 2019; Falk & Vieru, 2018; Masiero et al., 2020; Sánchez, Sánchez-Medina, & Pellejero, 2020).

Customers might even gain some benefits from cancellations (e.g., better hotel deals). Typically, customers continue searching for the best hotel deal, and to secure it, often make several reservations and choose the most favorable at a later time. This behavior is common in light of the vast variety of booking options (Liu & Zhang, 2014) and discounts (Hu & Yang, 2019; Leeuwen, 2018; Lee, Croes, & Rivera,2015). Managers seek to curb cancelations by nurturing customer loyalty via loyalty reward programs (Joe, 2014; Gelbrich, Gäthke, & Hübner, 2017) or by relying on relationship-building strategies (e.g., Bilgihan & Bujisic, 2015). From the hotel's perspective, common cancelation policies are not free of adverse repercussions (Chen & Xie, 2013) as cancelations entail serious costs and diminished revenues (Leeuwen, 2018; Morales & Wang, 2010). Previous research shows that cancelation policies hurt hotel performance (Antonio et al., 2017; Antonio, de Almeida, & Nunes, 2019) and hinder customer loyalty (e.g., Chen & Xie, 2013; Noone & Lee, 2011).

During the past two years, hotels and peer-to-peer lodging accommodation markets have been disrupted by the COVID-19 pandemic (Canhoto & Wei, 2021; Jang & Kim, 2022). Notably, it has brought huge costs to the hotel industry, including high cancellations rates (Coudriet, 2021). For instance, the revenue of the European hotel market decreased from $211.97 billion in 2019 to roughly $124 billion in 2020 (Hotel Tech Report, 2022). With the vaccination rollout, recent industry surveys with over 500 industry professionals predicted that by the end of 2022 the travel and hospitality industry will face complete recovery (Forbes, 2021).

2.2. Communal relationships and cancelation behavior

Researchers have grown increasingly interested in understanding how communal versus exchange relationships affect customers' reactions (e.g., Aggarwal, 2004; Aggarwal & Law, 2005; Clark & Mills, 1993; Fiske, 1992; Yang & Aggarwal, 2019). The key distinction between the communal and exchange relationships is based on the norms of giving or receiving benefits (e.g., Clark & Mills, 1993). Exchange relationships are based on self-interest "you get what you pay for", whereas communal relationship is characterized by concern for others in the relationship (Aggarwal, 2004; Clark & Mills, 1993).

The notion of communal versus exchange relationships was introduced by Clark and Mills (1979, 1993), who suggested that interpersonal relationships might begin as an exchange relationship and develop into a communal relationship. The seminal papers by Clark and Mills (1979, 1993) demonstrated that being in a communal (vs. exchange) relationship affects individuals' intentions to repay a favor. Similarly, this framework is applicable in business relationships, for instance, relationships between customers and service employees can gradually evolve into communal relationships (e.g., Johnson & Grimm, 2010).

Research in this domain has touched upon several areas, including emotional expression (e.g., Clark, & Taraban, 1991), motivation to donate (Johnson & Grimm, 2010; Yin, Li, & Singh, 2020), brand evaluations (Aggarwal, 2004; Aggarwal & Law, 2005), service failures (Wan et al., 2011), and empathy (Shuqair, Pinto, & Mattila, 2021) among others. Previous research suggests that customers' perceptions of communal relationships influence their attitudes and evaluations of the brands (Aggarwal, 2004; Yang & Aggarwal, 2019). Customer-provider relationships are context-dependent and vary across individuals (Clark, Armentano, Boothby, & Hirsch, 2017; Wan et al., 2011). Therefore, communal relationships are characterized by persons who tend to be more concerned about each other (e.g., Clark & Mills, 1979), as communal norms are associated with friendship and mutual concerns (Aggarwal & Larrick, 2012; Clark & Mills 1993), whereas exchange relationships are primarily driven by self-interest, reciprocity, and material gain (Aggarwal & Larrick, 2012; Clark & Mills, 1993).

In a service context, communal interaction is associated with closeness, and feelings of social reciprocity (Marsden & Campbell, 1984; Rindfleisch & Moorman, 2001), or the interpersonal connection that occurs between the customer and the provider during the service encounter (e.g., Henkel, Boegershausen, Rafaeli, & Lemmink, 2017). Prior work on communal interaction yielded mixed findings, while it seems intuitive to argue that establishing a communal interpersonal interaction can be beneficial for the providers (Yang & Mattila, 2012), as it enables companies to maintain their relationships with customers (Mittal, Huppertz, & Khare, 2008). Furthermore, prior research demonstrated that focusing on a communal relationship can be translated into positive downstream consequences in service encounters (e.g., Mittal et al., 2008; Yang & Mattila, 2012).

Drawing on relationship norms (Aggarwal, 2004; Clark & Mills, 1993; Wan et al., 2011), we predict that customers' reactions to interpersonal interaction are shaped by relationship norms (Yang & Aggarwal, 2019). Communal relationships are associated with social aspects while exchange relationships are based on economic factors (Clark & Mills, 1979). For instance, under exchange relationships, individuals feel that the other party is obligated to satisfy their needs (Clark & Mills, 1979; Wan et al., 2011). In contrast, individuals in communal relationships show concern, and caring attitudes and are willing to help without receiving instant benefits (Clark & Mills, 1993).

Providers sometimes attempt to develop relationships with customers in similar ways to relationships in closer social contexts such as family and friends (Clark & Mills, 1993). Thus, treating customers as close friends may bring several benefits to providers including increased loyalty and tolerance to service failures (e.g., Shuqair et al., 2021). However, creating communal relationships can sometimes backfire. Therefore, it is not surprising that strongly tied customers tend to

complain more when they are less satisfied because they care about the provider's "relationship preservation" which is an act to signal their interest in maintaining and protecting the relationship (Umashankar et al., 2017).

Given the consequences of different reactions across communal and exchange relationships (Aggarwal & Larrick, 2012; Clark & Mills, 1993), we propose that hotel cancelation behavior is driven by perceptions of the relationship partner, that is, whether the relationship is communal or exchange in nature. Put simply, we propose that when the hotel employee develops social ties with the customer, then he/she is evaluated similarly to "close others" (e.g., Aggarwal, 2004). Close relationships are formed on a long-term basis, and as a result, a single interrupted transaction (e.g., booking cancelation) does not jeopardize the relationship.

We recognize that establishing a communal relationship with the service provider/brand is quite beneficial and supported by extant literature. However, we propose that establishing social ties with customers is not always beneficial. When social ties develop, consumers feel that their interactions with the service provider mirror interactions in a close social context, thus having a damaging effect on loyalty. Communal relationships are characterized by concern for others in the relationship (Aggarwal, 2004; Clark & Mills, 1993), and communal interactions are associated with closeness, and feelings of social reciprocity (Marsden & Campbell, 1984; Rindfleisch & Moorman, 2001). We propose that hotel cancelation behavior is driven by perceptions of the relationship partner, that is, whether the relationship is communal or exchange in nature. We expect that when the hotel employee develops communal ties with the customer, then he/she is evaluated similarly to close others (e.g., Aggarwal, 2004). Close relationships are formed on a long-term basis, and as a result, a single interrupted transaction (e.g., booking cancelation) does not jeopardize the relationship.

We argue that such effects are not always realized, because expectations and obligations vary across the two relationship types (Wan et al., 2011). Therefore, we assume that a communal relationship with the provider may sometimes magnify the negative outcomes of cancelation, because in this type of relationship, even when receiving a benefit, the customer does not feel an obligation to reciprocate (Wan et al., 2011; Clark & Mills 1993). Customers tend to adopt communal norms with service providers with whom they have created a close bond (Li & Fung, 2019). Consequently, they feel that a single cancelation will not harm the communal relationship, which is focused on long-term mutual interactions. We, therefore, hypothesize the following:

H1. *The perception of the communal (vs. exchange) relationship increases cancelation behavior.*

2.3. The role of moral obligations

Prior research shows that moral values or moral obligations influence people's behaviors (Gorsuch & Ortberg, 1983). Perceived moral obligation (PMO) is the extent to which a person feels responsible for performing a specific behavior when confronted with an ethical or unethical situation (Leonard, Cronan, & Kreie, 2004). For instance, moral obligation has emerged as a useful predictor for altruistic and prosocial behaviors such as donations (Holdershaw, Gendall, & Wright, 2011; Lin, & Reich, 2018).

In a business context, moral obligations refer to customers' perceptions of what they believe is right or wrong (Barbarossa & De Pelsmacker, 2016; Hagebölling, Seegebarth, & Woisetschläger, 2021). The literature demonstrates that customers expect brands to act morally towards the community of consumers (e.g., Chernev & Blair, 2015), so any behavior that violates this expectation leads to a strong negative reaction. Research further suggests that moral obligation results in more generous attitudes such as being willing to help others (Aquino & Reed 2002; Warner, Wohl, & Branscombe, 2014). For example, customers feel morally obliged to buy a sustainability-labeled product (e.g., Barbarossa, & De Pelsmacker, 2016; Chen, 2020), or to book green hotels (Chen

& Tung, 2014).

Several scholars have highlighted the importance of understanding moral obligation in a relational context (e.g., Earp et al., 2021; Clark et al., 2015). In line with these developments, there is growing interest that exploring how the moral obligation of particular actions varies across different types of relationships (e.g., Turiel, 2008). While it seems intuitive that individuals feel obligated to reciprocate or repay a kind treatment as a norm of reciprocity (Becker, 2014; Blau, 1964). However, when and why this influence occurs is unclear. Our research provides insight into the nature of this influence. We are particularly interested in the effect of moral obligation in a relational context communal (vs. exchange).

This research draws on sizable literature that highlights the differences between two relationship types known as communal and exchange (Aggarwal, 2004; Clark & Mills, 1979; Yang & Aggarwal, 2019). Relationship norms may be critically important in understanding people's behavioral adherence (or lack of adherence) to their moral obligation towards their relationship partners. For instance, individuals in exchange relationships feel obligated to repay each other (e.g., Bock et al., 2016). Furthermore, the feeling of obligation arises from the norm of reciprocity, that is, individuals should help their relationship partners (Clark & Mills, 1993). To exemplify, in a communal relationship, individuals sometimes feel that they have a moral obligation to engage with what their friends share on social media (e.g., Xu, Yao, & Teo, 2020). Moral obligation between strangers often differs in various ways from obligation between friends, and family members (e.g., Earp & Clark, 2020; Ko et al., 2020), as such, we expect that moral obligation towards (communal vs. exchange) underlies relationship norms effects on cancelation behavior.

The current research highlights moral obligation across two types of relationships – communal and exchange (Clark & Mills, 1979, 1993). Individuals' expectations are shaped by moral obligation towards the relationship partner (Earp & Clark, 2020). For example, failing to respond or to offer support to a communal relationship partner is viewed as a social norm violation (Clark et al., 2010). We propose that moral obligations vary depending on relationship norms. In our context, we assume that moral obligations vary depending on whether individuals view the relationship from their perspective or from the perspective of the other party (Wan et al., 2011). In communal relationships, customers feel less obligated to honor their reservation, whereas the opposite is expected under exchange relationships (more formal relationships, thus more obligations). Therefore, when a hotel employee develops social ties with a customer, that customer may feel less obligated to honor her/his booking due to the closer social context (e.g., canceling dinner with friends vs. canceling dinner with one's boss). Receiving benefits in a communal relationship does not create a specific debt or obligation to return a comparable benefit, whereas payback is essential in exchange relationships (Mills & Clark, 2013; Clark & Mills, 1979; Clark, & Aragón, 2013). Thus, we expect that communal relationships influence the level of perceived moral obligations, which in turn influence cancelation decisions (communal relationships → perceived moral obligation → cancelation intentions):

H2. *Perceived moral obligation mediates the relationship between communal (vs. exchange) relationship and cancelation intentions.*

3. Overview of the studies

We tested our conceptual model across three highly powered studies. Our multimethod approach aims to address multiple research objectives. We first provide initial evidence for our findings using a field real-world dataset, showing the impact of perceived communal relationships on customers' cancelation behaviors. Study 2 engages participants in scenario-based experiments about communal (vs. exchange) relationship norms to examine whether perceptions of relationship norms affect cancelation intentions. This study also tests perceived moral obligation as a mediator. Finally, Study 3 tested our predictions in a more robust

experimental design, via the manipulation of the moderator to reinforce our empirical examinations of the underlying process of perceived moral obligation.

Consistent with pre-registration, in the online experiments we targeted a minimum of 50 participants per experimental condition. To circumvent issues associated with online panels, we built on prior work (Wongkitrungrueng et al., 2020) and screened out responses collected using online platforms that had identical geolocation (based on meta-data automatically collected by the survey platform), collecting additional surveys until the target sample size was reached. The study design, procedures, and analyses of the online experiments were pre-registered on AsPredicted.

3.1. Study 1: Hotel field dataset

In Study 1, we examined the impact of perceived communal relationships on customers' cancelation behaviors. We propose that customers who have had memorable interactions with hotel employees (and thereby established a close social bond) feel less obligated to keep their booking. We obtained real-world data from a major European hotel chain. The hotel chain offers high-end hospitality services and operates in Europe and South America. The data set consists of a survey of 87,615 loyal customers who had stayed with the hotel chain at least twice. Customers were asked to identify a staff member whose interaction was exceptional: "*please identify by name of any of the staff whose interaction with you positively stood out during your stay*" (0 = if none, 1 = if identified).

Procedure and sample

To capture perceived communal relationships, interaction type was coded as (1) if the customer identified a notable interaction with a staff member (20,520 customers) and (0) if s/he identified no one (67,095 customers). To capture cancelation behavior, we used the number of actual cancelations provided by the hotel chain: 0 (No cancelation) = customers who made a reservation following a memorable interaction and did not cancel the reservation, and 1 (cancelation) = customers who made a reservation following a memorable interaction and canceled their reservation. We used interpersonal interaction as a proxy for communal relationships because relationships between customers and the provider are closer to communal norms (e.g., Johnson & Grimm, 2010; Wan et al., 2011; Aggarwal, 2004). To ensure the internal validity of our findings was due to interaction type (communal vs not) and to avoid confounds, we controlled for overall satisfaction during stay (1–5 scale).

Results and discussion

Interaction type was entered as a discrete between-subjects factor (independent variable), whereas cancelation behavior was the dependent variable (yes vs. no cancelation). A Logistic binary regression using the Wald chi-square statistic shows that guests with a memorable interaction were more likely to cancel their reservation (31% vs. 23%; $Wald \chi^2_{(1)} = 54.250$, $p < .001$), with an impact of $\beta = -0.406$ (CI 95% = -0.457, -0.355). In addition, the results were not affected when controlling for overall satisfaction during stay ($Wald \chi^2_{(5)} = 4.706$, $p = .453$), nor the combined effects between interaction type and overall satisfaction ($Wald \chi^2_{(5)} = 7.435$, $p = .190$).

However, the cancellation rate is likely to be correlated with the number of bookings[1]. That is, the frequency of prior bookings increases the probability of a guest canceling a reservation. Thus, we controlled for the number of previous stays to ensure our findings are due to communal relationships account, not due to the number of stays (please see Fig. 1 for details). We ran a Logistic binary regression using the interaction type (communal vs. exchange) and controlling for multiple (vs. single) stays. To measure the number of prior stays, the survey contained a unique customer ID, the repeated ID was coded as (multiple
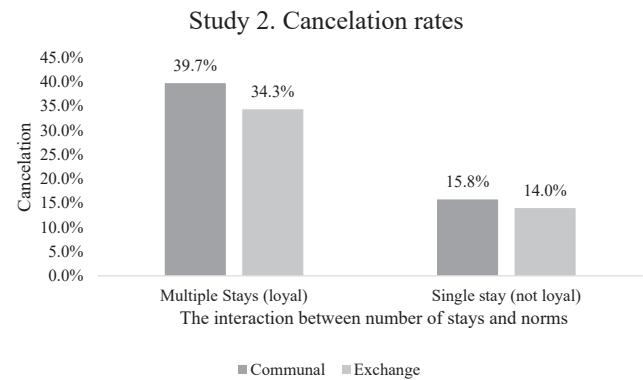

Study 2. Cancelation rates

Fig. 1. The interplay between the number of stays and relationship norms.

stays) whereas not repeated ID was coded as a single stay.

The results from the Logistic regression show that guests with a memorable interaction with multiple stays at the property were more likely to cancel their reservation in comparison to guests who had experienced an exchange-type interaction (39.7% vs. 34.3%; $Wald \chi^2_{(1)} = 4.741$, $p < .05$), with an impact of $\beta = -0.141$ (CI 95% = -0.210, -0.072). Furthermore, guests with a single stay who had experienced a communal interaction were more likely to cancel compared to their counterparts with an exchange-type interaction (15.8% vs. 14.0 %; $Wald \chi^2_{(1)} = 5927.8$, $p < .001$).

Discussion

This study provides strong field evidence that increasing perceived communal relationships via interpersonal interaction between hotel employees and customers influences guests' cancelation behavior. We provide initial evidence that customers who developed social ties with a hotel employee perceived the relationship as more communal. This study further controls for multiple (vs. single) stays to show that this effect is likely to be driven by relationship norms regardless of the number of stays. In the next set of studies, we aim to further extend the validity of our findings in a controlled experimental setting.

3.2. Study 2: The mediating effect of perceived moral obligation

Study 2 broadens the scope by investigating how perceived communal relationships influence booking cancelations and to further testing the mediating effect of perceived moral obligation. In particular, Study 2 tests whether relationship norms communal (vs. exchange) elicit higher cancelation intentions and whether perceived moral obligation explains this effect. It does so by engaging participants in a scenario-based experiment about relationship norms adapted from Wan et al. (2011) and modified to fit our study context.

Procedure and sample

We recruited 180 US hotel customers from Amazon Mechanical Turk to participate in this study in exchange for a nominal payment. Only participants that have booked a hotel in the last 12 months were selected to participate in the study. 12 participants were removed from the analysis for failing attention checks, leaving the sample size of 168 participants (40.5% women; $M_{age} = 37.61$, $SD = 11.11$). We preregistered Study 2 on AsPredicted.org (pre-registration number #93413).

Participants were randomly assigned to two experimental conditions communal ($N = 82$) versus exchange ($N = 86$) between-subjects study. Participants were asked to read a description of communal (vs. exchange) relationships adapted from Wan et al. (2011).

Communal: *You have stayed at the lodge hotel extensively and have been happy with the quality of its services and the great value with friendly relationships. you have had very pleasant and warm interactions with the employees. When you think of your relationship with the service employees at this hotel, it reminds you of your relationship with a close friend/family member.*

Exchange: *You have stayed at the lodge hotel extensively and have been happy with the quality of its services and the great value for money. The employees seem to be quite well trained and smart. When you think of your relationship with these employees, it reminds you of your relationship with a business partner.*

Measures

Cancelation intentions were measured on a 9-point bipolar scale adapted from Morwitz (2014), by asking participants the following; "Imagine that you made a booking with this hotel, but you felt that you need to cancel your stay, "*I definitely do not intend to cancel* (1) to *Definitely intend to cancel* (9)", "*I have very low cancelation interest/ High cancelation interest*", "*Probably not cancel it/ Probably cancel it*" ($\alpha = 0.80$), we measured perceived moral obligation using 4 items adapted from Roh and Park (2019), "*It would be wrong for me to cancel my hotel booking*" ($\alpha = 0.81$). See appendix B for all items.

Manipulation checks

Confirming our relationship norm framing, exchange condition participants perceived the relationship with the hotel staff is closer to a relationship with business partner ($M = 7.13$, $SD = 1.51$) than did communal relationship participants ($M = 6.89$, $SD = 1.79$, $F(1, 167) = 3.594$, $p < .05$).

Cancelation intentions

Consistent with Study 1 participants under the communal condition reported marginally significant higher intention to cancel the hotel ($M = 6.60$, $SD = 1.51$) than those in the exchange condition ($M = 6.09$, $SD = 2.13$, $F(1, 166) = 3.188$, $p = .075$).

Perceived moral obligation

We further found that participant under the exchange condition reported higher perceived moral obligation towards the hotel ($M = 6.81$, $SD = 1.28$) compared to their counterparts in the communal condition ($M = 6.35$, $SD = 1.58$, $F(1, 166) = 4.825$, $p < .04$).

Mediation of perceived moral obligation

A mediation analysis using PROCESS, Model 4 using 10,000 bootstrapping (Hayes, 2017) tested whether the effect of relationship norm (1 = communal; 2 exchange) on cancelation intention was mediated by perceived moral obligation.

Results showed that the effect of relationship norms on cancelation intentions was mediated by perceived moral obligation → cancelation. First, the effect of relationship norms on moral obligation was marginally significant ($b = 0.46$, $SE = 0.22$, $t(166) = 2.07$, $p < 0.05$), and perceived moral obligation positively and significantly predicted cancelation intentions ($b = 0.50$, $SE = 0.09$, $t(165) = 5.42$, $p < .001$). The total effect was not significant ($b = -0.5.82$, $SE = 0.28$, 95% CI = [-1.07, 0.05]), but the indirect effect of perceived moral obligation on cancelation intentions was significant ($b = 0.23$, $SE = 0.12$, 95% CI = [0.01, 0.48]).

Discussion

Constant with our theorizing, Study 2 provides further evidence for our findings by examining how relationship norms (communal vs. exchange) can affect cancelation behavior and the underlying process of perceived moral obligation. In particular, we demonstrate consumers have a lower perceived moral obligation towards communal (vs. exchange) relationships, increasing cancelation behavior.

3.3. Study 3. Relationship norms and perceived moral obligation

Study 3 employs a scenario-based procedure to examine the underlying mechanism of perceived moral obligation using a process-by-moderation approach (Spencer et al., 2005). To do so, this study manipulates the mediator (high vs. low moral obligation) to test how it affects the relationship norms' effects on cancelation behavior.

In particular, Study 3 employed a 2 (relationship norm: exchange vs. communal) × 2 (moral obligation: high vs. low) between-subject design. Two hundred UK hotel customers were recruited from an online panel Prolific for financial compensation (79% female, $M_{age} = 39.42$, $SD = 14.79$). As per our previous studies, the sample only included

participants that have stayed in a hotel in the last 12 months. Five participants were excluded from the analysis for failing attention checks. We preregistered Study 3 on AsPredicted.org (#89413).

Procedure

The research employs a scenario-based experiment that highlights relationship norms (communal vs. exchange) × perceived moral obligation (high vs. low). This scenario was adapted from Wan et al. (2011) and modified to fit our context. To manipulate relationship norms, participants read the same scenario of study 2, and to manipulate perceived moral obligation (high vs. low), participants read:

High Moral Obligations:

- *You know that, at the end of the day, customers have more commitments towards business partners. Business relationships offer more stability and predictability and less room for calling off commitments [exchange norms].*
- *You know that, at the end of the day, customers have more commitments towards relationship partners. Communal relationships offer more stability and predictability and less room for calling off commitments [communal norms].*

Low Moral Obligations:

- *You know that, at the end of the day, customers have fewer commitments toward business relationship partners. Business relationships offer the flexibility of change since you know that with business providers you can always change plans [exchange norms].*
- *You know that, at the end of the day, customers have fewer commitments toward friendly relationship partners. Communal relationships offer the flexibility of change since you know that with friends and family you can always change plans [communal norms].*

Measures

Participants indicated their cancelation intentions on a three-item bipolar scale adapted from Morwitz (2014) ($\alpha = 0.93$), to measure perceived moral obligation, we asked participants using 4 items scale adapted from (Roh & Park, 2019) ($\alpha = 0.83$). For manipulation checks, we asked participants to indicate if "*The relationship with the employees is like a relationship with a close friend*", or "*with a business partner*". See appendix B for the full-scale items.

Manipulation checks

The manipulation of relationship norms was successful: Participants in the communal relationship condition perceived their relationship with the hotel as higher in closer social context "family and friends" ($M_{communal} = 5.71$; $SD = 2.44$) than participants in the exchange condition ($M_{exchange} = 2.91$; $SD = 1.94$, $F(193) = 78.13$; $p < .001$). Furthermore, participants in the exchange condition perceived their relationship with the hotel employee as higher in exchange norms "business partner" ($M_{exchange} = 6.84$; $SD = 2.28$) compared to their counterparts in the communal condition ($M_{communal} = 4.77$; $SD = 2.29$, $F(193) = 39.57$; $p < .001$).

Results

ANOVA results on customers' cancelation intentions revealed a significant two-way interaction between relationship norms and the perceived moral obligation on cancelation intentions ($F(2, 191) = 4.27$; $p < .05$, $\eta^2 = 0.022$). As expected, a communal (vs. exchange) relationship increased cancelation under high moral obligation ($M_{communal} = 5.09$, $SD = 2.12$, $M_{exchange} = 4.38$, $SD = 2.41$). In contrast, a low moral obligation reverses the effects ($M_{communal} = 4.87$, $SD = 2.45$, $M_{exchange} = 5.62$, $SD = 2.75$). This indicates that communal norms lead to higher cancellation and the underlying process of moral obligation, consistent with our theorizing (see Fig. 2 for details).

Additionally, the results yielded non-significant main effect of the relationship norms communal vs. exchange on cancelation ($F(2,191) = 0.04$, $p = 948$, $\eta^2 = 0.000$; $M_{communal} = 4.97$, $SD = 2.29$, $M_{exchange} = 5.01$, $SD = 2.65$) and a non-significant main effect of the moral
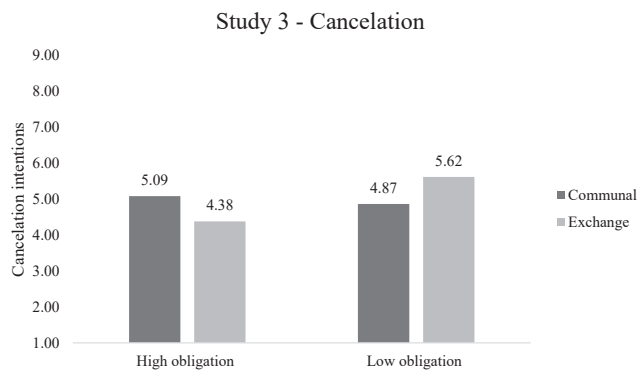
Fig. 2. Relationship norms and moral obligation.

obligation on cancelation intentions ($F(2, 191) = 2.100$, $p = .149$, $\eta^2 = 0.011$ $M_{high} = 4.72$, $SD = 2.29$ vs. $M_{low} = 5.24$, $SD = 2.62$).

Discussion

Study 3 provides further evidence for our underlying process, in a more controlled experimental environment. We show that communal norms lead to higher cancellation and the underlying process of moral obligation. Thus, for communal norms (vs. exchange), moral obligations always lead to high cancellations (independently of high or low). However, for exchange norms, as expected, low moral obligation increases cancellation, compared to high moral obligations.

4. General discussion

Prior research suggests that focusing on communal relationships (e. g., establishing social ties or interpersonal interactions) has a positive impact on customers' attitudes and evaluations of service providers (e. g., Kang, Lu, Guo, & Li, 2021; Umashankar et al., 2017). However, as our research indicates, a communal relationship with the service provider might not always lead to positive outcomes (e.g., loyalty). Findings from Study 1 indicate that a communal relationship with a hotel employee may increase guest cancelations of subsequent bookings. Findings from Study 2 and Study 3 show that perceived moral obligation underlie the relationship between communal relationships and cancelation propensity.

4.1. Theoretical implications

This research makes several contributions to the literature, especially regarding customers' reactions to service providers based on relationship norms. Researchers have long been interested in understanding how social ties or social interactions influence customers' behaviors (e. g., Umashankar et al., 2017; Zhang et al., 2016). However, research has so far focused mainly on positive outcomes. This research extends the literature by showing that interpersonal relationships between hotel employees and customers might have a magnifying impact on booking cancelations.

First, we show that the perception of the relationship type influences guests' booking cancelations. That is when the hotel employee develops social ties with the guest, they are gauged to be communal relationships such as "close others" (e.g., Aggarwal, 2004). Following communal relationship norms, guests perceive that an occasional cancelation will not jeopardize the close relationship of long-term mutual interactions. Recent research suggests that strong social ties enhance service outcomes, such as market dynamism (García-Villaverde et al., 2020). We contribute to the body of service research (e.g., García-Villaverde et al., 2020; Yang & Aggarwal, 2019) by showing that developing social ties is not always a positive occurrence, particularly in the context of cancelation behavior.

Second, we demonstrate that perceived moral obligation is the psychological mechanism explaining the impact of communal relationships

on guests' propensity to cancel future bookings. Research on moral judgment across communal (vs. exchange) relationship remains scant. Prior research shows that moral obligation and moral judgment are not only related to the actions themselves but to the relational context (Earp et al., 2021; Miller et al., 2014). Our findings extend research inquiries on how moral obligation varies across communal (vs. exchange) relationships, to suggest that it is not always beneficial for service providers when customers view them as close friends, this might come with higher cancelation rates as they mirror their interaction with brands/ providers as close others. We suggest that customers feel less morally obligated to attend their booking when their interaction is higher in communal (vs. exchange).

This study also contributes to emerging studies on booking cancelation (Antonio, de Almeida, & Nunes, 2019; Antonio et al., 2017; Gao, & Bi, 2021; Sahut, Hikkerova, & Pupion, 2016). While prior research demonstrates that when hotels establish social ties with consumers (e.g., pre-arrival emails) can decrease cancellations rates (Antonio et al., 2019), our findings suggest that when consumers develop communal (vs. exchange) relationships with service providers, they feel less obligated to honor their bookings.

4.2. Managerial implications

The findings of this research offer important implications for travel and hospitality managers. Prior studies suggest that cancelations affect 20% to 60% of hotel bookings (e.g., Antonio et al., 2019a), whereas a recent *Financial Times* report estimates a 60–70% drop in hotel bookings after 2020 due to COVID-19 (FT, 2020). Our study affords suggestions on how to reduce booking cancelations.

Our first suggestion reflects social relationship norms and perceived moral obligation. Hotels could use social norms in their favor, since full anonymity (Ariely, Gneezy, & Haruvy, 2018) may mitigate some of the social norms and encourage cancelation behavior. In our context, a cancelation is typically not witnessed by anyone else, since major hotels and Online Travel Agencies (OTAs) allow guests to manage their bookings through websites with no social contact, reducing perceived moral obligation. We suggest that although social interaction might not always positively influence guest behavior in a service context, it should be carefully considered in situations that reduce perceived moral obligation, which is found to reduce cancelation intentions.

We further suggest that hotel managers use pre-stay rewards to encourage customers to commit to their stay and increase perceived moral obligation. Perceived moral obligation often involves considerations of reciprocity (Uehara, 1995; Molm et al., 2007). One possible idea to generate guest reciprocity during pre-stay is to offer free hotel services (e.g., free use of the spa) that might increase the likelihood of attendance and reduce cancelation propensity. These treats to guests can offer a simple solution with no associated risks for hotel managers, creating a possible set of rewarding benefits for guests who confirm their bookings in advance (Berger, 2018).

Finally, 7 out of 8 top tips for preventing cancelations on Booking.com seem to rely on conventional managerial practice, since they are based mainly on cancelation policies, non-refundable rates, and payment methods (Booking.com, 2020). This could be misguiding for hotels and other hospitality operators because it ignores the social drivers of guests' cancelation behavior. The only exception for social interaction is found in "reply quickly to guests" since guests are less likely to cancel if they get quick replies to their questions. Thus, we urge tourism and hospitality providers to consider the social aspects (i.e., relationship norms and perceived moral obligation) to better understand the factors that influence cancelation behaviors.

4.3. Limitations and future research

As in any research, this work has some limitations that future research may overcome. Our field study is based on the genuine

experiences of customers who were able to identify the hotel staff. However, this may not guarantee the strength of the communal relationship. Sometimes customers can remember the service provider's name, but the relationship is purely an exchange. Thus, future research might further investigate the effect of communal strength between customers and employees, and how the varying degrees of strength result in different reactions. In addition, future studies should investigate long-term effects on booking and cancelation behavior post-COVID-19.

While our research focused on perceived moral obligation, we acknowledge that the communal interaction may also elicit customers' gratitude (e.g., Bock et al., 2016). Therefore, future research might benefit from examining the effect of customers' gratitude across communal vs. exchange relationships, and how it affects loyalty in particular.

In addition, other practical questions need to be addressed. Do loyal customers cancel more than non-loyal customers do? What if a loyal customer cancels a booking only to reschedule for another date or another hotel of the same chain? Is it a true cancelation or just a booking delay? Finally, whether or not a pre-stay questionnaire would have an impact on booking cancelations should be investigated.

Finally, one of the key issues that affect cancelation behavior is a deal-seeking habit (e.g., Talwar et al., 2020; Webb et al., 2021), future research should explore if relationship norms affect deal-seeking behavior. Overall, our findings indicate the need for future research on this topic to build solid foundations for managing booking cancelations.

5. Conclusion

Up to 60% of hotel guests cancel their bookings, and this increasing trend causes major challenges for travel and hospitality managers. Cancellations make forecasting occupancy difficult and they create distribution problems across channels (D-Edge, 2019). As a result, practitioners often seek to develop social interactions with guests to maintain a close relationship with them, with the hope of establishing a loyal customer relationship. However, we provide evidence that communal interactions through hotel communications boost booking cancelations. This effect is also revealed in a field dataset with loyal customers. Cancelation behaviors increased by 38.8% when guests had communal-type interactions with employees. In sum, the factor that helps hotels to attract customers – social interactions– is the same factor that might lead to increased cancelations.

CRediT authorship contribution statement

Saleh Shuqair: Writing – review & editing, Writing – original draft, Methodology, Investigation, Funding acquisition, Formal analysis, Data curation, Conceptualization. **Diego Costa Pinto:** Writing – review & editing, Data curation, Conceptualization. **Frederico Cruz-Jesus:** Writing – review & editing, Writing – original draft, Investigation, Formal analysis, Conceptualization. **Anna S. Mattila:** Writing – review & editing, Supervision. **Patricia da Fonseca Guerreiro:** Writing – original draft, Methodology, Data curation, Conceptualization. **Kevin Kam Fung So:** Writing – Review & editing, Supervsion.

Declaration of Competing Interest

The authors declare that they have no known competing financial interests or personal relationships that could have appeared to influence the work reported in this paper.

Appendix A. Previous studies with booking's cancelations inferences

Reference	Title	Purpose	Sample	Analysis	Cancelations inferences
Park and Jang (2014)	Sunk costs and travel cancelation: Focusing on temporal cost	Understand the effects of temporal sunk costs on potential travelers' cancelation propensity, in addition to monetary sunk costs.	Data from an online questionnaire with 624 valid observations	Regression analysis	**Cancelation inhibitors:** small lead time, repeat visitors, high cancelation penalty, prior experience.
Hajibaba, Boztuğ, and Dolnicar (2016)	Preventing tourists from canceling in times of crises	Investigate the comparative stated effectiveness of different prevention approaches in situations where different crises hit a destination.	Data collected in Australia, with 887 valid observations	Conjoint analysis	**Cancelation inhibitors:** room change/upgrade, communications with updates, robust safety measures.
Antonio et al. (2017)	Predicting hotel booking cancelations to decrease uncertainty and increase revenue	Demonstrate how data science can be applied in the context of hotel RM to predict booking's cancelations.	Data from 2013 to 2015, from 4 hotels in Algarve, Portugal	CRISP-DM methodology (classification algorithms)	**Cancelation enhancers:** hotel location, services, facilities, guest's nationality, markets, distribution channel.
Leeuwen (2018)	Cancelation Predictor for Revenue Management: applied in the hospitality industry	Create a model of RM to be implemented in the hospitality industry (or airline or car rental industries, for example).	Data from a hotel with 7 properties	Machine learning algorithms	**Cancelation enhancers:** increase of the room price, rate code, boolean refundable, lead time.
Falk & Vieru (2018)	Modeling the cancelation behavior of hotel guests	Provide new insights into the factors that influence cancelation behavior with respect to hotel bookings.	Data from a hotel reservation system database comprising 9 hotels	Probit model with cluster adjusted standard errors	**Cancelation enhancers:** high lead time, country, large groups that book offline, online bookings, offline bookings in high seasons. **Cancelation inhibitors:** bookings with children.
Antonio et al. (2019b)	Big data in hotel revenue management: exploring cancelation drivers to gain insights into booking cancelation behavior	Improve hotel demand forecasting by employing big data in booking cancelation prediction.	Data from 8 Portuguese hotels	XGBoost machine learning algorithm	**Cancelation enhancers (constant in all hotels):** high lead time, country, length of stay, market, distribution channel. **Cancelation inhibitors:** non-PMS data sources (big data tested features:

(continued)

Reference	Title	Purpose	Sample	Analysis	Cancelations inferences
					weather, holidays, events, social reputation, online prices/inventory).

Appendix B. . Measurement items

Construct	Items	Adapted from
Perceived Moral Obligation	– It would be wrong for me to cancel my hotel booking. Canceling my hotel booking would go against my principles.Staying at the hotel I've already booked is something I take for granted (rather than canceling the reservation). I push myself to never cancel a hotel booking.	Roh & Park, (2019)
Cancelation Behavior	– Definitely do not intend to cancel/ Definitely intend to cancel Very low cancelation interest / High cancelation interest Probably not cancel it / Probably cancel it	Purchase Intentions Morwitz (2014)

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