

RGC Ref. No.: UGC/FDS14/B12/19 <p>(please insert ref. above)</p>
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**RESEARCH GRANTS COUNCIL
COMPETITIVE RESEARCH FUNDING SCHEMES FOR
THE LOCAL SELF-FINANCING DEGREE SECTOR**

FACULTY DEVELOPMENT SCHEME (FDS)

Completion Report
(for completed projects only)

<p><u>Submission Deadlines:</u></p> <ol style="list-style-type: none"> 1. Auditor's report with unspent balance, if any: within <u>six</u> months of the approved project completion date. 2. Completion report: within <u>12</u> months of the approved project completion date.
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Part A: The Project and Investigator(s)

1. Project Title

Response Strategy to Negative Online Reviews in the Services Industry: Accommodative or Defensive?

2. Investigator(s) and Academic Department(s) / Unit(s) Involved

Research Team	Name / Post	Unit / Department / Institution
Principal Investigator	Dr Yang Xin / Associate Professor	Department of Marketing/The Hang Seng University of Hong Kong
Co-Investigator(s)	Dr Chan Haksin / Associate Professor	Department of Marketing/The Hang Seng University of Hong Kong
Others	Chunqun Liu/ Research Assistant	Department of Marketing, The Hang Seng University of Hong Kong; (until 30.06.2022)

3. Project Duration

	Original	Revised	Date of RGC / Institution Approval (must be quoted)
Project Start Date	2020/01/01	-	Approved by HSUHK on 23 April 2021
Project Completion Date	2021/12/31	2022/06/30	
Duration (in month)	24	30	
Deadline for Submission of Completion Report	2022/12/31	2023/06/30	

4.4 Please attach photo(s) of acknowledgement of RGC-funded facilities / equipment.

N/A

Part B: The Final Report

5. Project Objectives

5.1 Objectives as per original application

1. To fill an important knowledge gap in the digital era by advancing the sparse literature on managerial response to negative online reviews
2. To broaden the scope of service recovery theory to include potential customers who vicariously experience service failure.
3. To examine situational and tactical factors that determine the effectiveness of two contrasting managerial responses (apology vs. explanation).
4. To provide strategic and tactical guidance for service managers to craft effective responses to negative online reviews.

5.2 Revised objectives

Date of approval from the RGC: N/A

Reasons for the change:

- 1.
- 2.
3.

5.3 Realisation of the objectives

(Maximum 1 page; please state how and to what extent the project objectives have been achieved; give reasons for under-achievements and outline attempts to overcome problems, if any)

To achieve the four major objectives outlined in the funding proposal, the PI and co-authors divided the research project into two stages. In the first stage, they conducted a literature review synthesis and published three conceptual papers in prominent marketing journals, namely the *European Journal of Marketing*, *Journal of Business Research*, and *Journal of Global Marketing*. These literature review and publication efforts have been instrumental in realizing objectives 1 and 2.

In the second stage, the PI and co-authors conducted more specific literature work to categorize various types of negative online reviews and managerial responses. Additionally, they conducted several controlled experiments and a field study by analyzing real data from a leading online review platform. These empirical studies were instrumental in achieving objective 3. Furthermore, the project aims to provide strategic and tactical guidance for service managers to craft effective responses to negative online reviews (objective 4). To achieve objective 4, the PI and co-authors are preparing three working papers (based on the empirical findings from the second stage) for submission to the *Journal of Service Research*, *Journal of Interactive Marketing*, and *International Journal of Hospitality Management*. These papers offer clear guidance to practitioners on how to handle negative online reviews. Overall, all major objectives have been accomplished.

5.4 Summary of objectives addressed to date

Objectives (as per 5.1/5.2 above)	Addressed (please tick)	Percentage Achieved (please estimate)
1. To fill an important knowledge gap in the digital era by advancing the sparse literature on managerial response to negative online reviews	✓	100%
2. To broaden the scope of service recovery theory to include potential customers who vicariously experience service failure.	✓	100%
3. To examine situational and tactical factors that determine the effectiveness of two contrasting managerial responses (apology vs. explanation).	✓	100%
4. To provide strategic and tactical guidance for service managers to craft effective responses to negative online reviews.	✓	100%

6. Research Outcome

6.1 Major findings and research outcome

(Maximum 1 page; please make reference to Part C where necessary)

This grant supports the PI and other collaborators to engage in the research project in two stages.

In the first stage, the PI and other collaborators conducted a literature review synthesis and studied real-life examples (as preparation for conducting empirical studies in the second stage) across various online consumer review platforms. These initial efforts not only enriched the research team's understanding of theory and practices in the field but also yielded valuable research outputs. In this stage, the PI and the Co-I published three conceptual papers in prominent marketing journals, including the *European Journal of Marketing*, the *Journal of Business Research*, and the *Journal of Global Marketing*.

In the second stage, the PI and other collaborators conducted more specific work to categorize different types of negative online reviews and managerial responses in the service industry. This work was instrumental in developing experimental materials for preparing empirical papers. During this stage, the RA was instructed to analyze field data from a leading online review platform in China (i.e., Dianping.com). The results of the field data supported the main predictions in the proposal, indicating that apologies (versus explanations) are more effective in responding to process-focused negative reviews, while the reverse is true for outcome-focused negative reviews. These findings were also included in a working paper planned for submission to the *Journal of Service Research*.

In addition, several controlled experiments were conducted during the second stage. The findings of these experiments demonstrate that the effectiveness of managerial responses is influenced by both response timing (quick or delayed) and response title (responded by senior or junior employee). Based on these findings, the PI and co-authors are preparing two working papers for submission to the *Journal of Interactive Marketing* and the *International Journal of Hospitality Management*, respectively.

6.2 Potential for further development of the research and the proposed course of action

(Maximum half a page)

As stated in the second stage (please see section 6.1), the PI and co-authors are preparing three manuscripts planned for submission to the *Journal of Service Research*, the *Journal of Interactive Marketing*, and the *International Journal of Hospitality Management*, respectively.

7. Layman's Summary

(Describe in layman's language the nature, significance and value of the research project, in no more than 200 words)

The service industry is vulnerable to negative online reviews (NORs). Moreover, service consumers rely on NORs to a larger extent than do product consumers because service quality is more difficult to assess than product quality (Xie, Zhang, & Zhang, 2014). Given the widespread and significant impacts of NORs on brand evaluation (Van Noort & Willemsen, 2012) and purchase intention (Chiou & Cheng, 2003), this project addresses an important topic, one that pertains to understanding how service firms may develop effective managerial responses (MRs) to NORs.

Our research findings suggest that service firms customize their MRs. Specifically, they may provide an apology as a MR to respond to process-based negative reviews (e.g., front-line employees' impolite behaviors), and they may offer an explanation as a MR to respond to outcome-based negative reviews (e.g., expensive food items). At the operational level, our research findings suggest that an apology is more effective when it is delivered immediately (vs. with a time delay) and in a personal (vs. official) manner, whereas an explanation is more effective when it is delivered with a time delay (vs. immediately) and in an official (vs. personal) manner. Overall, we help service firms to more effectively manage NORs.

Part C: Research Output**8. Peer-Reviewed Journal Publication(s) Arising Directly From This Research Project**

(Please attach a copy of the publication and/or the letter of acceptance if not yet submitted in the previous progress report(s). All listed publications must acknowledge RGC's funding support by quoting the specific grant reference.)

The Latest Status of Publications				Author(s) (denote the corresponding author with an asterisk*)	Title and Journal / Book (with the volume, pages and other necessary publishing details specified)	Submitted to RGC (indicate the year ending of the relevant progress report)	Attached to this Report (Yes or No)	Acknowledged the Support of RGC (Yes or No)	Accessible from the Institutional Repository (Yes or No)
Year of Publication	Year of Acceptance (For paper accepted but not yet published)	Under Review	Under Preparation (optional)						
2021				Chan, H., & Yang, M. X*.	Culture and electronic word of mouth: a synthesis of findings and an agenda for research. Journal of Global Marketing, 34(3), 165-169.	No	Yes (Annex I)	Yes	Yes https://www.tandfonline.com/doi/full/10.1080/08911762.2021.1903642?tab=permissions&scroll=top
2022				Chan, H., Yang, M. X*, & Zeng, K. J.	Bolstering ratings and reviews systems on multi-sided platforms: A co-creation perspective. Journal of Business Research, 139, 208-217.	No	Yes (Annex II)	Yes	Yes https://www.sciencedirect.com/science/article/pii/S0148296321007062
2022				Chan*, H., Zeng, K. J., & Yang, M. X.	Review platforms as prosumer communities: theory, practices and implications. European Journal of Marketing, 56(10), 2698-2720.	No	Yes (Annex III)	Yes	Yes https://www.emerald.com/insight/content/doi/10.1108/EJM-10-2021-0819/full/html
			Yes	Yang, M. X*, Chan, H., & Zeng, K. J.		No	No	N/A	No
			Yes	Yang, M. X*, Chan, H., & Zeng, K. J.		No	Yes (Annex IV)	N/A	No
			Yes	Yang, M. X*, Chan, H., & Zeng, K. J.		No	No	N/A	No

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9. Recognized International Conference(s) In Which Paper(s) Related To This Research Project Was / Were Delivered

(Please attach a copy of each conference abstract)

Month / Year / Place	Title	Conference Name	Submitted to RGC <i>(indicate the year ending of the relevant progress report)</i>	Attached to this Report <i>(Yes or No)</i>	Acknowledged the Support of RGC <i>(Yes or No)</i>	Accessible from the Institutional Repository <i>(Yes or No)</i>
Nov-Dec/2021/ Melbourne	Managing Buyer-Generated Reviews on Multi-Sided Platforms: A Co-Creation Perspective	Australian & New Zealand Marketing Academy Conference (ANZMAC)	No	No	Yes	Yes https://rest.neptune-prod.its.unimelb.edu.au/server/api/core/bitstreams/3a0aebb1-4bc5-572a-a9c6-e6ed62d311c7/content (see page 315)

10. Whether Research Experience And New Knowledge Has Been Transferred / Has Contributed To Teaching And Learning

(Please elaborate)

The RA () now has become a PHD student at the School of Hotel and Tourism Management from The Chinese University of Hong Kong.

11. Student(s) Trained

(Please attach a copy of the title page of the thesis)

Name	Degree Registered for	Date of Registration	Date of Thesis Submission / Graduation
N/A			

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12. Other Impact

(e.g. award of patents or prizes, collaboration with other research institutions, technology transfer, teaching enhancement, etc.)

N/A

13. Statistics on Research Outputs

	Peer-reviewed Journal Publications	Conference Papers	Scholarly Books, Monographs and Chapters	Patents Awarded	Other Research Outputs (please specify)	
No. of outputs arising directly from this research project	3 (published)	1	0	0	Type	No.
	3 (under preparation)					0

14. Public Access Of Completion Report

(Please specify the information, if any, that cannot be provided for public access and give the reasons.)

Information that Cannot Be Provided for Public Access	Reasons
N/A	