

A pathway to consumer forgiveness in the sharing economy: The role of relationship norms

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A PATHWAY TO CONSUMER FORGIVENESS IN THE SHARING ECONOMY: THE ROLE OF RELATIONSHIP NORMS

ABSTRACT

The emergence of peer-to-peer accommodations has revolutionized the hospitality industry. Yet, research on peer-to-peer service failures and consumer forgiveness remains scant. This paper shows that relationship type—whether communal ("Airbnb host") or exchange ("hotel")—influences consumer forgiveness in a post-recovery context. Across five studies, this research demonstrates how peer providers (focusing on communal norms) versus conventional providers (focusing on exchange norms) influence consumer forgiveness and their responses to service recovery efforts. Our findings indicate that focusing on social service recovery is particularly effective for Airbnb hosts. These findings have important implications for crafting effective service recovery strategies based on the type of accommodation provider-customer relationship. Finally, our findings can also help peer-to-peer and conventional hospitality providers alleviate consumers' negative responses to service failures.

Keywords: Social recovery, communal norms, exchange norms, forgiveness, recovery strategies.

1. Introduction

Scholars have expressed growing interest in two types of consumer-provider relationships—communal vs. exchange (e.g., Aggarwal, 2004; Clark & Mills, 1993; Heyman & Ariely, 2004; Karremans & Smith, 2010)—suggesting that consumer responses depend on their perceptions and evaluations of the relationship partner (Clark & Mills, 1993; Goodwin, 1996; Karremans & Smith, 2010; Wan et al, 2011). In exchange relationships, people give benefits to the relationship partner in order to get back a comparable benefit (e.g., a relationship between business partners), whereas in communal relationships individuals take care of each other's needs and have a genuine concern for the other party's well-being (e.g., relationships with friends and family members) (Aggarwal & Law, 2005 p. 454). However, there is scant research on how relationship norms influence consumers' post-failure forgiveness and perceptions of service recovery strategies (e.g., Aggarwal & Larrick, 2012). The present study addresses this knowledge gap in the context of peer-to-peer accommodations.

Despite the call for research on understanding consumer responses to service failures in collaborative consumption (Eckhardt et al. 2019), relatively little is known about factors that influence consumers' post-failure forgiveness in such a context. We argue that communal norms provide a powerful theoretical perspective to explain the role of forgiveness in collaborative consumption. Our theorizing is guided by recent studies suggesting that interactions and relationships among peers (vs. exchange partners) are more communal (e.g., Costello & Reczek, 2020; Fitzmaurice et al., 2020; Schor & Attwood-Charles, 2017; Perren & Kozinets, 2018; Shuqair et al., 2019). Thus, we postulate that consumers will react less negatively to a service failure if their relationship is communal than if it is based purely on an exchange.

Second, recent research suggests that different service recovery strategies can have distinct psychological impacts on consumers' reactions (You et al., 2019; Wei et al., 2020). For instance, expressing appreciation (e.g., "Thank you") is more effective than offering an apology (e.g., You et al., 2020), and emotional recovery is more effective than economic compensation (Wei et al., 2020). Drawing on prior findings, this work predicts that focusing on the social aspect of service recovery (e.g., signaling symbolic resources, such as apologies) is more beneficial than focusing on economic compensation (e.g., refund). Individuals in communal (vs. exchange) relationships tend to be more responsive to issues of interactional fairness (Aggarwal & Larrick, 2012). We posit that in peer-to-peer relationships the importance of social value in interactions is heightened (Yang & Aggarwal, 2019). Therefore, we expect that focusing on social service recovery can significantly influence consumer forgiveness in a peer-to-peer context.

Finally, several empirical studies have highlighted the need to explore consumers' forgiveness in a broader theoretical context (Newton et al., 2018; Harrison-Walker, 2019; Wei et al., 2020). Recent research encourages scholars to identify effective recovery strategies that may buffer forgiveness related to tourism services (Harrison-Walker, 2019; Hur & Jang, 2019). Given the harmful consequences of service failures for hospitality providers, identifying effective recovery strategies that are simple and cost-effective is critical. This investigation contributes to the literature by exploring how relationship norms shape consumers' post-failure forgiveness in the peer-to-peer context.

2. Theoretical Background

2.1 Communal versus exchange relationships in the hospitality

The triadic nature of peer-to-peer accommodations involves three key actors: the consumer, the peer service provider, and the mediating platform (Benoit et al., 2017).

Transactions in collaborative consumption are typically facilitated by technology-mediated platforms (e.g., Hamari et al., 2016). Collaborative consumption is often characterized by social interactions and social closeness (Lee, 2019; So et al., 2019; Suess et al., 2020; Tussyadiah & Pesonen, 2016). Due to the social characteristics of collaborative consumption (Perren & Kozinets, 2018; Suess et al., 2020), consumers can develop positive emotional and behavioral responses towards peer service providers (e.g., Johnson & Neuhofer, 2017). Relationships with peer service providers are akin to communal relationships, whereas conventional providers (i.e., hotels) are more aligned with exchange relationships

Communal relationships are driven by social aspects (i.e., caring about partners' needs) while exchange relationships are based on economic factors (i.e., *quid pro quo*) (Clark & Mills, 1979; Yang & Aggarwal 2019). These two types of relationships evoke different norms, reactions, and behavioral expectations (Clark et al., 2017; Wan et al., 2011). In exchange relationships, people feel that the other party is obligated to satisfy their needs (Wan et al., 2011; Clark & Mills, 1979). In contrast, individuals in communal relationships show concern and caring attitudes towards their relationship partner and expect to help without receiving benefits (Clark & Mills, 1993).

2.2 Consumer Forgiveness

Consumer forgiveness can be defined as "an internal act of relinquishing their anger and desire to seek revenge against a firm that has caused harm, as well as the enhancement of positive emotions and thoughts toward this firm" (Joireman et al., 2016, p. 76–77). In interpersonal relationships, forgiveness is a multifaceted construct (Tsarenko & Tojib, 2011). Individuals in a close social context are more accommodating toward their relationship partner (e.g., Rusbult et al., 1998; Wieselquist et al., 1999), have higher levels of empathy (e.g., Giesler et al., 2019; Pera et al., 2019), and more likely to perceive their relationship partner's transgressions as less severe (Menzies–Toman & Lydon, 2005). For instance, Karremans and

Van Lange (2004) show that individuals exhibit higher levels of forgiveness towards strong (vs. weak) relationship partners.

In the context of service failures, consumers may be dissatisfied but decide to forgive the provider based on situational factors (e.g., Tsarenko & Tojib, 2011) or their relationship with the provider (Joireman et al., 2016). Forgiveness requires a transformation of negative emotions into positive ones (Tsarenko & Tojib, 2011). Further, acknowledging fault or apologizing is essential to promoting forgiveness (Fincham & Beach, 2001). Goodwin (1996) suggests that consumers are more forgiving if their relationship is based on friendship. Consumers' reactions to service failures might be less negative when the relationship is stronger (McCullough et al., 1998). However, the effect of consumer forgiveness can backfire, as companies' best friends can at times become their worst enemies (Grégoire et al., 2009). This is particularly true when communal norms are violated (Wan et al., 2011; Yang & Aggarwal, 2019).

Prior research suggests that when consumers form social relationships with the service employee, then the provider is evaluated akin to individuals in a close social context (Clark & Mills, 1979). Accordingly, we propose that a relationship with an Airbnb host (vs. conventional hotel) is closer, thus making consumers more forgiving of service failures. Formally, we hypothesize the following:

H₁. *Service recovery by a peer service provider will have a stronger positive impact on consumer forgiveness than service recovery by a conventional service provider.*

2.3 The Mediating Role of Communal Norms

Relationships with the service provider can begin as an exchange relationship and then develop into a communal relationship (e.g., Johnson & Grimm, 2010). Consumers often judge commercial relationships based on whether the provider's actions signal communal or

exchange norms (Wan et al., 2011). Moreover, prior research shows that relationship norms shape customer expectations (Yang & Aggarwal, 2019).

We postulate that consumers are likely to expect communal norms with Airbnb hosts. People in communal relationships react less negatively to transgressions compared to exchange relationships (Wan et al., 2011; McCullough et al., 1997). Previous research also suggests that communal relationships can mitigate the harmful effects of service failures, thus inducing continuous loyalty while switching is more common with exchange-type relationships (e.g., Joireman et al., 2016; Sinha & Lu, 2016). We propose that norms governing communal relationships are likely to apply in the peer-to-peer provider context. Thus, we expect that communal norms mediate the relationship between provider type and forgiveness.

H₂. *Communal norms mediate the relationship between service provider type and consumer forgiveness.*

2.4 Social Recovery Expectations and Communal Norms

Prior research has examined consumers' reactions to numerous service recovery strategies (e.g., You et al., 2019; Wirtz & Mattila, 2004). Two general recovery classifications are intangible (i.e., focusing on psychological or social features, such as apologies, or appreciation) and tangible (i.e., involving monetary aspects such as compensation or discounts) (Smith et al., 1999). In general, different service recovery strategies can have a distinct psychological impact on consumers; for instance, service provider's expressions of appreciation (e.g., "Thank you") are more effective than apologies (You et al., 2020). In the hotel context, Wei et al. (2020) found that emotional (vs. economic) recovery leads to greater forgiveness. Additionally, Lee et al. (2021) show that consumers' service recovery expectations are shaped by their relationship with the hotel (loyalty program

member vs. non-member). Both financial and emotional recovery seems to be effective among loyal guests (Lee et al., 2021).

This research explores the importance of social recovery across (1) communal relationships, which are associated with social aspects; and (2) exchange relationships, which are tied to economic factors (Aggarwal, 2004; Clark & Mills, 1993). We propose that focusing on social recovery is important in communal relationships. An apology reflects the social aspect of recovery (Barclay & Skarlicki, 2008; Shapiro & Nieman-Gonder, 2006; Shin et al., 2018). Social recovery restores consumers' outcomes (Barclay & Skarlicki, 2008; Haesevoets et al., 2013) and further signals that the provider is trustworthy (Haesevoets et al., 2013). As exchange norms typically involve an ongoing cost-benefit analysis (Clark & Mills, 1993), they are characterized by the principle of reciprocity—you get what you pay for (Heyman & Ariely, 2004). Consequently, social recovery is less important in exchange relationships (Yang & Aggarwal, 2019).

We suggest when the consumer–provider relationship is perceived as communal (e.g., peer-to-peer), the social aspect is likely to gain importance (Aggrawal & Larrick, 2012), due to a heightened sensitivity to each other's needs in communal relationships (Clark & Waddell, 1985; Wan et al., 2011). Since consumers in a peer-to-peer context may expect greater concern from the provider (Aggarwal & Larrick, 2012), we propose that consumers are more sensitive to “social recovery” when they have a communal versus exchange relationship with the service provider.

H₃. *Social service recovery mediates the relationship between service provider type and consumer forgiveness.*

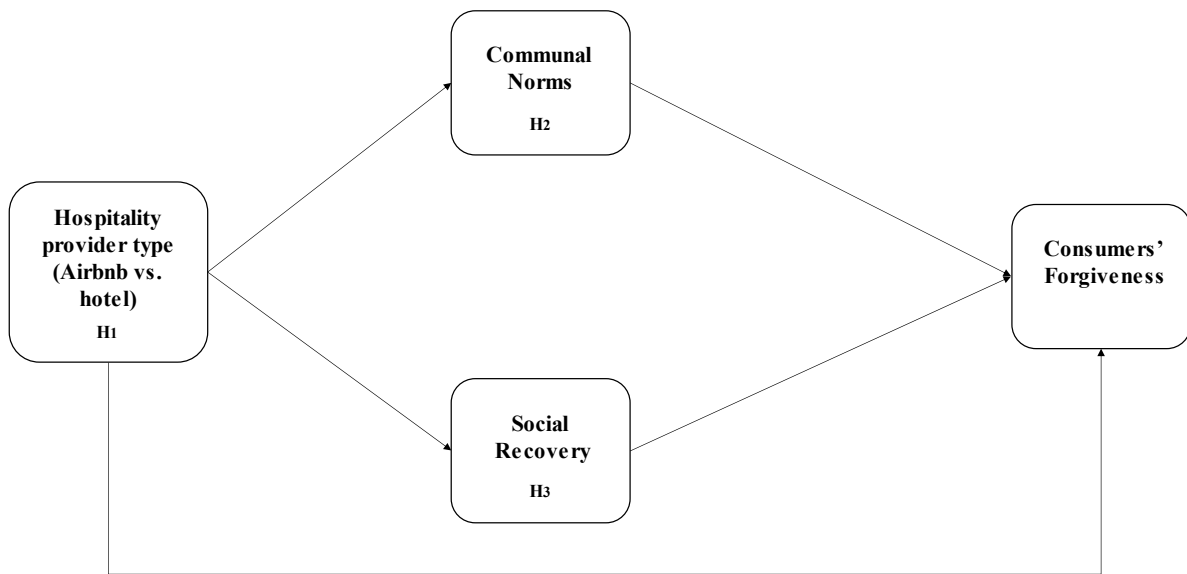


Figure 1. Conceptual framework

3. Overview of Experimental Studies

To test our predictions, we report results from five studies. The objective of Study 1 is to examine whether the nature of the relationship (communal vs. exchange) influences forgiveness following a service failure (H1). Study 2 tests the mediating role of communal norms in explaining the impact of relationship type on forgiveness (H2). The goal of Study 3A is to test the mediating effect of social recovery on forgiveness (H3). In Study 3B we rule out an alternative mediation path – interactional fairness. The objective of Study 4 is to extend our findings to two types of peer providers (communal vs. commercial host).

3.1 Study 1. Effect of service provider type on consumers' forgiveness

In Study 1, we tested whether peer-to-peer (Airbnb host) versus conventional providers lead to higher levels of forgiveness in the post-failure context (H₁). To do so, we randomly assigned participants to one of two provider types (collaborative versus conventional).

Sample and procedure

One hundred and fifty participants from Amazon Mechanical Turk (MTurk) participated in this single-factor between-subjects study (service provider: collaborative vs. conventional) for an exchange for a financial payment. MTurk, an online survey panel, is widely used in various domains, including hospitality research (e.g., Mody & Hanks, 2020; Chen et al., 2020; Lu et al., 2020a; Lu et al., 2020b; Umashankar et al., 2017).

Participants were screened for prior Airbnb experience (“have you booked an Airbnb or a similar type of accommodation during the past 12 months”). Forty participants were failed the screening test, thus resulting in a final sample of 112 (48 % female, $M_{age}=35.44$, $SD= 11.08$). Participants were asked to imagine themselves in a scenario adapted from Suri et al. (2019) –see appendix A.

Measures

Participants rated their agreement with three statements of decisional forgiveness¹ on a 9-point Likert-type scale (1 = *strongly disagree*, 9 = *strongly agree*). The measures were adapted from Tsarenko and Tojib (2012): "I will continue my relationship with this hotel [Airbnb host]," "I will make an effort to be friendly in my future interactions with this hotel [Airbnb host]," and "I forgive this hotel [Airbnb host]" ($\alpha = .82$).

Manipulation checks

As for a manipulation check, participants were asked to identify whether service recovery was provided by an Airbnb host or a hotel employee. They were also asked whether the scenario was realistic and if it could happen in real life (1 = *not at all*, 9 = *very likely*).

¹We focused on decisional forgiveness because it is a behavioral intention that individuals seek to express toward the transgressor (Tsarenko & Tojib, 2012).

The manipulation checks worked as intended. Participants in the hotel condition indicated that service recovery was provided by an Airbnb host ($M_{\text{peer}} = 3.51$; $M_{\text{conventional}} = 7.49$; $t[110] = 7.155$, $p = .05$) or a hotel ($M_{\text{peer}} = 5.05$; $M_{\text{conventional}} = 7.24$; $t[110] = 9.924$, $p < .001$) based on study condition. For realism checks, the mean values were high and no significant differences emerged between the two conditions (realism $M_{\text{peer}} = 6.92$; $M_{\text{conventional}} = 6.83$, $p = .804$); could occur in real life ($M_{\text{peer}} = 77.07$; $M_{\text{conventional}} = 77.30$, $p = .458$).

Results

To test H1, we conducted a t -test with provider type (peer versus conventional) as the independent variable and consumers' decisional forgiveness as the dependent variable. Results revealed a significant effect of provider type on decisional forgiveness ($t[110] = 2.962$, $p < .001$). As expected, the mean score in the peer service provider condition ($M_{\text{peer}} = 6.27$, $SD = 2.00$) was higher than that in the conventional provider condition ($M_{\text{conventional}} = 5.15$, $SD = 11.97$); see Figure 2.

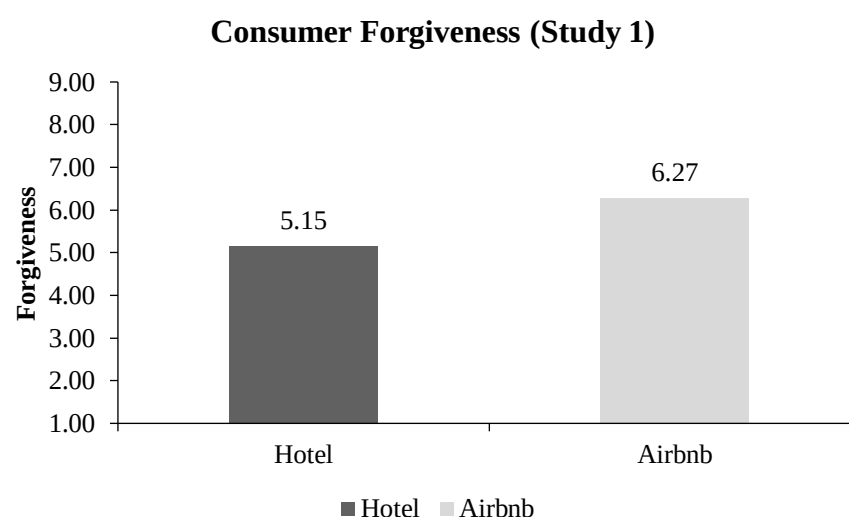


Figure 2. Consumer forgiveness

Discussion

Findings from Study 1 offer initial evidence that consumers react differently to the two types of service providers. These results support our argument that consumers exhibit higher levels of post-failure decisional forgiveness with peer (vs. conventional) service providers.

3.2 Study 2. Mediation of communal norms

The aim of Study 2 was threefold: (1) to replicate the findings of Study 1; (2) to test whether communal norms mediate the relationship between service provider type and consumer forgiveness in post-recovery context; and (3) to rule out an alternative mediator of exchange norms (see appendix C for the results).

Procedure

One hundred and eighty-two consumers from MTurk (49% female; $M_{\text{age}} = 38.19$, $SD = 12.13$) participated in the study in exchange for a nominal payment. In this single-factorial design, we randomly assigned participants to either a peer provider ($N = 94$) or a conventional provider condition ($N = 88$). Participants were then exposed to a service failure scenario adapted from Shuqair et al. (2019). See Appendix A

Measures

We used the same measures as in Study 1 to capture forgiveness ($\alpha = .73$). Communal and exchange norms were measured with items from Aggarwal (2004). Communal norms were captured by asking participants to rate the service provider as "a friend" or "a family member" ($r = .890$, $p < .001$). To assess exchange norms, participants rated the provider as a "businessperson" and "a company" ($r = .338$, $p < .001$). Additionally, we controlled for prior

experience with Airbnb by asking them “Did you stay in an Airbnb or similar type of accommodation during the past two years?”.

Manipulation Checks

We used the same manipulation checks as in Study 1. Participants in the peer provider condition indicated that the service was provided by an Airbnb host ($M_{\text{peer}} = 7.44$ vs. $M_{\text{conventional}} = 2.37$; $t[179] = 15.106$, $p < .01$) and participants in the hotel condition indicated that the service was provided by a hotel ($M_{\text{peer}} = 3.56$ vs. $M_{\text{conventional}} = 6.75$; $t[179] = 7.097$, $p < .01$). Further, participants in both conditions perceived the scenario as realistic ($M_{\text{peer}} = 6.87$ vs. $M_{\text{conventional}} = 6.98$; $t[179] = 0.788$, $p = .732$).

Results

We next conducted a t -test to determine whether participants in the peer condition perceived the service provider as having significantly higher ratings on the communal norm measure. As expected, participants perceived the service provider as expressing stronger communal norms ($M_{\text{peer}} = 3.46$, $SD = 2.75$; $M_{\text{conventional}} = 2.68$, $SD = 2.31$; $t[179] = 2.064$, $p = .05$). On the contrary, participants perceived the conventional provider as conveying exchange norms ($M_{\text{conventional}} = 7.00$, $SD = 1.92$; $M_{\text{peer}} = 6.35$, $SD = 2.03$; $t[179] = 2.182$, $p < .05$). Consistent with our theorizing, the ANCOVA results indicate that participants in the peer condition ($M = 5.34$, $SD = 1.49$) were more likely to forgive the provider than those in the conventional condition ($M = 4.18$, $SD = 2.57$; $F(1,79) = 12.85$, $p < .001$), and the results remained significant after controlling for prior experience with Airbnb ($F_{(1,79)} = 4.09$, $p = .05$).

Mediation Effect of Communal Norms

We performed a single mediator analysis (PROCESS Model 4, 5,000 samples; Hayes, 2017) to test whether communal norms influenced forgiveness: service provider type (IV)

→ communal norms (mediator) and forgiveness as (DV). As predicted, the results showed that the relationship type (peer vs. conventional) significantly influenced communal norms ($b = 0.78$, $SE = 0.37$; $t[179] p < .05$) and communal norms influenced forgiveness ($b = 0.38$, $SE = 0.05$; $p < .01$). The direct effect ($b = 0.85$, $SE = 0.28$; $p < .05$) and indirect effect ($b = 0.30$, $SE = 0.15$, $BootLCCI = 0.01$, $BootULCI = 0.61$; $p < .01$) were significant, indicating partial mediation.

Discussion

The results of Studies 1 and 2 support our prediction that consumers are more likely to forgive the peer service provider following a service failure. In Study 2 we further show that perceived communal norms are the underlying mechanism explaining the effect. To extend our findings, we next investigate the impact of social recovery on consumer responses to peer (vs. conventional) providers.

3.3 Study 3A and 3B Social Recovery

Study 3A The Mediating Effect of Social Recovery

Study 3A aimed to elucidate differences in consumer responses to social recovery. We propose that an intangible recovery (i.e., an apology) is more in line with communal (vs. exchange) relationships. Prior research shows that apologizing reflects social aspects of service recovery (Shin et al., 2018). Failing to express concern, empathy, or an effort to apologize can be perceived as a violation of communal norms (e.g., Aggrawal, 2004). We, therefore, posit that social recovery is a must with communal service providers such as Airbnb hosts.

Sample and procedure

Participants were randomly assigned to recall a dissatisfying experience with either an Airbnb host or a conventional service provider (hotel). One hundred and twenty consumers from MTurk (39.8% female; $M_{age} = 32.35$, $SD = 9.93$) participated in an online experiment for a nominal fee. Twenty-one participants were excluded from the analysis because they failed to recall an experience, resulting in a total of 99 participants ($N = 49$ conventional and $N = 50$ peer provider).

First, we asked them to recall a dissatisfying lodging experience during the past 6 months. Next, they were instructed to briefly describe their experience and then respond to measures on social recovery (i.e., apology, explanation), and post-recovery forgiveness). We controlled for the severity of service failure (Shuqair et al., 2019).

Measures

This study tapped into consumers' perceptions of social service recovery strategies. Based on items from Mostafa et al. (2015), we measured whether the service provider offered an apology (4 items, $\alpha = .93$; e.g., "The service provider apologized to me for what had happened"), an explanation (4 items, $\alpha = .94$; e.g., "The service provider explained why the service problem might have happened"), and offered problem-solving (3 items, $\alpha = .83$; e.g., "The service provider was able to answer my questions"). We controlled for severity of service failure using 3 items from Weun, Beatty, and Jones (2004), e.g., "*The service failure I had was severe*", "*made me angry*", and "*was unpleasant*" ($\alpha = .90$). The complete scale appears in Appendix B.

Results

We were interested in assessing the role of intangible recovery across the two relationship types and whether such recovery efforts influence consumers' decisional

forgiveness. We first performed a *t*-test with provider type (peer versus conventional) as the independent variable and social recovery as the dependent variable. The items for intangible recovery strategies (apology, explanation, and problem-solving) were summed and averaged ($\alpha = .96$). Results show a significant effect of provider type on social recovery ($t[97] = 2.243$, $p < .005$). The mean score in the peer service provider condition ($M_{\text{peer}} = 6.89$, $SD = 2.17$) was higher than that in the conventional provider condition ($M_{\text{conventional}} = 5.82$, $SD = 2.56$).

Furthermore, the ANCOVA results show a significant effect of the provider type on decisional forgiveness when we controlled for the severity of service failure. Participants reported higher levels of decisional forgiveness with the Airbnb host compared to a conventional hotel ($M_{\text{Airbnb}} = 6.40$ vs. $M_{\text{Hotel}} = 5.44$; $F_{(1, 96)} = 5.54$, $p = .05$).

Mediation

In this mediation analysis, we found that social recovery mediated the relationship between provider type and forgiveness. A bootstrap analysis (PROCESS Model 4, 5,000 samples; Hayes, 2017) tested whether social recovery mediated the effect of provider type on forgiveness. First, provider type (1 = conventional, 0 = peer) significantly and positively predicted social recovery ($b = 1.07$, $SE = 0.47$, $t[97] = 2.24$, $p < .01$; 95% confidence interval [CI] = [0.12, 2.01]). Second, social recovery significantly and positively predicted forgiveness ($b = 0.62$, $SE = 0.07$, $t[97] = 8.78$, $p < .001$; 95% CI = [0.48, 0.76]). The direct effect ($b = 0.29$, $SE = 0.34$, $t[97] = 0.85$, $p = .392$; 95% CI = [-0.38, 0.97]) was not significant, while the indirect effect of provider type on forgiveness via social recovery was significant ($b = 0.66$, $SE = 0.30$; 95% CI = [0.08, 1.28]), indicating a full mediation (Hayes, 2017).

Study 3B Expectations of Service Recovery

Study 3B aims to further advance our understanding of service recovery under communal norms. We manipulated two recovery strategies apology vs. compensation

(Grewal et al., 2008; Wei et al., 2020). Drawing upon research on interactional fairness (Aggrawal & Larrick, 2012; Wei et al., 2020), we aim to provide an alternative explanation as to why consumers under communal relationships are more forgiving with social (vs. monetary) recovery.

Sample and Procedure

Ninety consumers with prior experience with Airbnb, recruited from an online panel MTurk ($N=90$, 44 % female, $M_{age}=36$, $SD = 10.79$). Participants were randomly assigned to two recovery conditions: apology ($N = 47$) and financial compensation ($N= 43$).

As a cover story, participants were told that we were interested in understating how people perceive peer service providers as "Airbnb hosts". Participants were asked to read a scenario from Study 1. To manipulate service recovery, we adopted two conditions from Wei et al. (2020): "*John, the host, sincerely apologized and explained possible reasons for the delay and why the room is not ready. He sincerely apologized for this several times. [John did not offer an apology but told you to receive a partial refund of 10% on your stay].*"

Measures

Decisional forgiveness was measured using 3 items ($\alpha=.84$), and interactional fairness was captured by 4 items ($\alpha=.94$) adapted from Agrawal & Larrick (2012) (i.e., "*The host treated me with dignity*" "*respect*", "*politely*" and "*candid*". For manipulation checks, we asked participants "*if the host offered you an apology*" or offered you a "*refund*".

Manipulation checks

Our manipulation checks worked as intended. Participants in the refund condition were more likely to agree that the host offered them compensation ($M = 6.98$) compared to those in the apology condition ($M = 5.13$, $F_{(1, 88)} = 12.25$, $p < .001$). The opposite was true in the apology condition, as participants were more likely to agree the host offered them an

apology ($M=7.39$) compared to those in the compensation condition ($M=4.93$, $F_{(1, 88)} = 23.17$, $p < .001$).

Results

Supporting H1, participants reported significantly higher levels of decisional forgiveness in the apology condition ($M=6.50$) than in the compensation condition ($M=5.53$; $t[88] = 2.48$, $p < .015$). In terms of interactional fairness, participants in the apology condition perceived the host's actions to be higher in terms of interactional fairness ($M=6.84$) compared to their counterparts in the compensation condition ($M=5.66$; $t[88] = 3.00$, $p < .001$).

Next, a mediation analysis with 5,000 samples examined whether interactional fairness mediated the effect of recovery type on decisional forgiveness. There was a significant effect of recovery type (0 = refund; 1 = apology) on interactional fairness ($b = 1.25$, $SE = 0.40$, $t[88] = 3.20$, $p < .001$), and interactional fairness positively and significantly predicted decisional forgiveness ($b = 0.69$, $SE = 0.07$, $t(88) = 9.60$, $p < .001$). The direct effect ($b = 0.07$, $SE = 0.28$, 95% CI = [-0.50, 0.64]) was not significant, while the indirect effect of recovery strategy type on forgiveness via interactional fairness ($b = 0.89$, $SE = 0.31$, 95% CI = [0.32, 1.58]) was significant, indicating a full mediation (Hayes, 2017).

Discussion

Studies 3A and 3B examined our core hypothesis that social recovery is highly valued with peer providers. A failure to implement social service recovery can, therefore, influence perceived interactional justice and consumer forgiveness.

Study 4- Forgiveness based on Airbnb host type service failure context

Study 4 aims to extend our findings by contrasting two types of peer service providers (commercial versus personal). Prior research has identified different types of peer providers;

professionals managing multiple listings (“exchange” type) and co-habiting hosts that are more communal or personal (e.g., Dolnicar & Zare, 2020; Farmaki & Kaniadakis, 2020). We expect that consumers are more forgiving with “personal” hosts due to communal norms guiding such relationships.

Sample and procedure

A sample of two hundred and forty US participants was recruited via (46 % female, $M_{\text{age}} = 42.$, $SD = 12.09$). Ten participants were excluded because they failed the attention checks. The final sample of 230 U.S. participants was assigned to a communal host ($N=115$) and an exchange host condition ($N=115$). Participants first read the scenario used in Study 3B. To manipulate communal versus exchange orientation, participants read, “[*John’s has several apartment rentals across New York City and other states. For John it is a good investment, John makes high profits from Airbnb.*]” see appendix 1 for the full scenario.

Measures

We measured decisional forgiveness using the same three items (i.e., “*I forgive the service provider*” ($\alpha = .79$), and communal norms with two items (e.g., “*I perceive the provider as a friend*” $r = .910$, $p < .001$).

Manipulation Checks

Manipulation checks worked as intended, as respondents indicated that the personal service provider was higher in communal norms ($M_{\text{communal}} = 7.33$ vs. $M_{\text{exchange}} = 6.91$ $t[228] = 2.74$, $p = .05$).

Results

As expected, participants reported significantly higher levels of post-recovery forgiveness with the communal provider ($M = 7.38$ $SD = 1.37$) as opposed to the exchange-oriented peer ($M = 6.93$, $SD = 1.64$; $t[228] = 2.238$, $p < .05$). Next, we conducted the

following single mediation analyses: peer service provider type (IV) $\rightarrow$ communal norms (Mediator - M1) $\rightarrow$ post-failure forgiveness (DV).

Using Hayes Process model 4, we show that provider type (1= personal, 0 = commercial) significantly and positively predicted communal norms ($b = .48$, $SE = 0.19$, $p = .05$); 95% confidence interval [CI] = [0.10, 0.85]). Second, communal norms significantly and positively predicted forgiveness ($b = 0.66$, $SE = 0.05$, $t[228] = 12.30$, $p < .001$; 95% CI = [0.55, 0.77]). The direct effect was not significant ($b = 0.12$, $SE = 0.15$, $t[228] = .80$, $p = .419$; 95% CI = [-0.18, 0.43]), while the indirect effect of provider type on forgiveness via communal norms was significant ($b = 0.32$, $SE = 0.13$; 95% CI = [0.08, 0.60]), suggesting a full mediation (Hayes, 2017).

Discussion

Our results are consistent with our predictions that consumers have higher post-recovery forgiveness with communal (vs. exchange) Airbnb providers. Moreover, the hypothesized mechanism of communal norms mediates the effect. These findings imply that relationship norms guide consumers' post-recovery forgiveness.

4. General Discussion

Given the importance of consumer forgiveness in the hospitality context (Hur & Jang, 2019; Lee et al., 2021), we sought to examine the effectiveness of service recovery strategies in the home-sharing segment based on consumer-provider relationship type (communal versus exchange) (Studies 1–3), and Airbnb host type (Study 4). In five studies, we demonstrate that consumers' post-recovery forgiveness is influenced by their evaluation of the service provider, whether communal or exchange. We showed that communal (vs. exchange) relationship norms influenced consumers' responses and expectations to service

recovery strategies. Furthermore, we demonstrate the importance of social recovery with peer service providers.

4.1 Theoretical Implications

This research demonstrates that consumers react differently to hospitality provider type (peer vs. conventional) based on relationship norms. By doing so, our findings extend the literature on service recovery (e.g., DeWitt & Brady, 2003; Kanuri & Andrews, 2019; You et al., 2019), relationship norms (e.g., Clark & Waddell, 1985; Wan et al., 2011; Yang & Aggarwal, 2019), and consumer forgiveness (e.g., Joireman et al., 2016; Tsarenko et al., 2019). In sum, we show how relationship norms influence post-failure forgiveness in collaborative consumption.

First, prior research on forgiveness shows that the degree of forgiveness depends on many factors such as failure severity (e.g., Wei et al., 2020), relationship with the provider (e.g., Finkel et al., 2002), and failure attribution (e.g., Suri et al., 2019). We extend prior studies by demonstrating why consumers exhibit higher levels of forgiveness towards peer (vs. conventional) providers. Importantly, we reveal that the effect is driven by communal norms and social recovery. Specifically, our findings suggest that consumers tend to be more forgiving with peer versus exchange providers. This outcome occurs when consumers perceive their relationship partners as being similar to themselves as in communal relationships (e.g., Shuqair et al., 2019). Further, our findings bolster research on relationship norms (Aggarwal, 2004; Clark & Mills, 1993; Heyman & Ariely, 2004). Social psychologists have long recognized that relationship types influence consumer behavior (Agarwal, 2004; Clark & Mills, 1993). Our mediation analysis of communal norms provides additional evidence that the nature of one's relationship with a service provider enhances the possibility of post-failure forgiveness (Karremans & Smith, 2010; Nolan et al., 2008).

Moreover, our research contributes to the service recovery literature by examining the role of social service recovery in enhancing post-recovery forgiveness (Liu et al., 2019). Prior research suggests that consumers vary in their responses to service recovery strategies (e.g., Smith et al., 1999; You et al., 2019). This research shows that social recovery might be particularly important with peer service providers. When social and interpersonal etiquette are not upheld, communal (but not exchange) norms are defied, leading to lower levels of post-failure forgiveness. Our mediation results of interactional fairness show that, in a peer-to-peer context, individuals react differently to 'what is fair' in terms of service recovery. Put simply, offering an apology (vs. refund), or focusing on the social aspect of recovery is perceived fairer in such context because such actions signal communal norms of concern, respect, and dignity towards the relationship partner (e.g., Aggrawal & Larrick, 2012).

Finally, our research contributes to the growing literature on service failures in the sharing economy. Recent research has mainly focused on the attribution theory (Suri et al., 2019), hosts' interactional style (Lu et al., 2020), empathy (Suri et al., 2019), or authenticity (Shuqair et al., 2019). This research extends provides novel insight into how communal (vs. exchange) relationships influence consumer responses to service recovery efforts (i.e., social vs. economic compensation).

4.2 Managerial Implications

Our findings provide valuable insight into how peer providers (e.g., platforms and individual providers) might alleviate consumers' negative responses to service failures. First, peer service providers should focus on the social aspect of recovery. Consumers are particularly sensitive to communal relationships and failing to abide by social norms when recovering from a service failure can lead to negative consequences. Our findings suggest that consumers are more forgiving in peer relationships, and therefore, peer-to-peer providers

should be aware of the merits of social recovery. Airbnb hosts and managers of commercial homes should sincerely apologize and politely explain the reasons for the failure. These findings do not imply that hotels should only focus on monetary compensation. Our findings, however, highlight the importance of the social and emotional aspects of recovery in a peer-to-peer context. Certainly, there are cases where offering financial compensation is necessary, but focusing on social recovery is needed in a peer-to-peer context guided by communal norms.

These findings also have implications for booking requests in the peer-to-peer context. Compared to traditional hotel bookings, consumers' booking decisions in Airbnb are more complicated (Karlsson et al., 2017). When canceling or declining booking requests, peer providers need to focus on social cues such as offering an apology, showing appreciation, or offering an explanation. This will not only signal the provider's communal bonds (e.g., empathy - Wei et al., 2020), but it also reduces consumers' negative reactions to the provider.

Since consumers perceive peer providers to be higher in communal norms, social aspects of any customer interactions, not only service recovery, are important. Therefore, we encourage such peer providers (e.g., Airbnb hosts) to cultivate social ties by engaging in personalized interactions and sharing personal information with consumers (e.g., So et al., 2020). Such ties can also be extended to the pre-purchase stage, as many consumers make purchase decisions based on information presented online (Zhu & Zhang, 2010). For instance, peer providers can develop social ties with potential consumers by sharing their interests (e.g., sports and music) on their profiles. Alternatively, peer providers could signal

communal norms by using emojis² when communicating with loyal consumers (Li et al., 2019). Such efforts might lessen consumers' negative reactions to service failure.

4.3 Limitations and Future Research Directions

This research employed scenarios and recall tasks to explore consumers' responses to service failure across communal and exchange relationships. In reality, however, consumers' perceptions of relationships are subtle and highly subjective. In our experimental tasks, participants were asked to evaluate their perceptions of existing brands in collaborative consumption (i.e., Airbnb) versus traditional hospitality settings (i.e., hotels). While our findings revealed that service recovery appears more effective in communal versus exchange relationships, future research could explore other variables or boundary conditions that may influence consumers' reactions, such as the timing of recovery. Furthermore, it remains unknown whether social recovery can induce loyalty behaviors.

One key limitation of this research is that we did not control for hotel type. Future research could explore this issue. We expect that consumers are more forgiving towards small (vs. large) hotels and this effect might be driven by communal norms.

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² Emojis [images] represent graphic symbols of human facial expressions (e.g., 😊) and an array of non-human-face symbols (for a review, see Li et al., 2018).

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APPENDIX A – Scenarios

Study 1 Adapted from (Suri et al., 2019)	“Please imagine that you were traveling to New York City and after comparing all housing options [hotel room] on a home-sharing app [hotel booking app] for several days, you found a suitable accommodation with a host on Airbnb [a room at 3 stars hotel]. at \$70 per night. Upon your arrival at the accommodation, no one was present to answer the door [reception to check you in]. After a 20-minute delay, the host [front desk agent] arrived and directed you to your room”.
Study 2 Adapted from Shuqair et al. (2019)	"You recently made a reservation to stay at a hotel [Airbnb] on your upcoming trip. You paid USD 70 per night. Upon arriving at the [hotel] host apartment, you realize that the room has not been properly cleaned. The bed has not been made and there are dirty towels lying all over the floor. You return to the front desk [host] and the front-office agent [host] unapologetically states the following: 'Oops, we will have the room cleaned immediately.' 30 minutes later you make your way to the clean hotel room."
Study 3B Recovery strategies adapted from Wei et al. (2020)	Please imagine that you were traveling to New York City and after comparing all housing options on a home-sharing app for several days, you wanted to book suitable accommodation with a host on Airbnb. You find an apartment listed by John, for \$70 per night. You made your booking. Upon your arrival at the accommodation, no one was present to answer the door. After a 20-minute delay, the host arrived and directed you to your room. Once you get to your room, you realize that the room has not been properly cleaned. John sincerely apologized and explained possible reasons for the delay and why the room is not ready. He sincerely apologized for this several times. [John did not offer an apology but told you to receive a partial refund of 10% on your stay].”
Study 4	John relies on this apartment to supplement his income; he makes some money from Airbnb [John’s has several apartment rentals across New York City and other states. For John it is a good investment, John makes high profits from Airbnb.]”. Participants further read “You sent an Airbnb booking request to John, He accepted your early check-in. John later sent you this message: "Hi, thanks for booking with me, welcome to my apartment, the check-in is at 14:00. Please send me a message upon arrival, looking forward to getting to know you 😊”. [please send me a message upon arrival, see you]”.

APPENDIX B – Measures

Constructs	Measurement items	Source
Decisional forgiveness	• I will continue my relationships with this Hotel [Airbnb host] • I will make an effort to be friendly in my future interactions with this Hotel [Airbnb host]" • I forgive this Hotel [Airbnb host]	Tsarenko and Tojib (2012)
Communal norms	• I perceive this service provider as a close friend • As a family member	Aggarwal (2004)
Exchange norms	• As a businessperson • As a company	Aggarwal (2004)
Expected Apology	• The service provider apologized to me for what had happened • The service provider expressed regret for the mistake that occurred • The service provider apologized for the inconvenience the problem had brought to me • The service provider apologized for what I have suffered because of the problem	Mostafa et al. (2015)
Expected Compensation	• The compensation the service provider gave me for the loss incurred is good • The compensation the service provider gave me for all the time I spent dealing with the complaint is good. • The compensation the service provider provided me to cover my financial losses is good • The compensation the service provider provided me for the inconvenience I went through due to the complaint is good • The compensation the service provider gave me for all the hard times I had due to the complaint is good	Mostafa et al. (2015)
Expected Explanation	• The service provider explained why the service problem might have happened • The service provider explained what factors might have caused the problem • The service provider explained what might have gone wrong • The service provider provided a convincing explanation for the reason for the problem and four items for follow up strategies	Mostafa et al. (2015)
Expected Follow up	• After solving the problem, the service provider contacted me to ensure that the problem has been solved completely • After handling the complaint, the service provider followed up to make sure that everything is satisfactory • The service provider asked me to use the service to ensure that the problem has been entirely solved • The service provider has contacted me to inform me about the status of my complaint.	Mostafa et al. (2015)

Constructs	Measurement items	Source
Expected Problem-solving	• The service provider was able to answer my questions • The service provider knew the solutions to the problem • The responsible employee solved the problem efficiently	Mostafa et al. (2015)
Severity of service failure	• The service failure I had was severe • Made me feel angry • Was unpleasant	Weun et al (2004)
Interactional fairness	• The provider treated me with dignity • Respect • Politely • Candid	Aggarwal and Larrick (2012)

Appendix C- Alternative Mediation Analyses

Exchange norms (Study 4)

We show that insignificant effect of the provider type on exchange norms ($b = 0.03$, $SE = 0.20$; $t[228] = 0.15$, $p = .86$), exchange norms have a positive effect on forgiveness ($b = 0.46$, $SE = 0.05$; $p < .001$). The direct effect was not significant ($b = .01$, $SE = 0.09$; $p < .015$), and a non-significant indirect ($b = SE = .01$, $BootLCCI = -.16$, $BootULCI = .20$, $p < .01$). Thus, no mediation effects were found for exchange norms in Study 4.