

Does Smart Service Recovery Harm Customer Orientation: A Feeling Economy Perspective

Mariana Girão Carrilho

NOVA Information Management School

Rafael Wagner

NOVA Information Management School

Diego Costa Pinto

NOVA IMS Lisbon

Hector González

ESCP Business School

Khaoula Akdim

Cunef University

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Abstract

Companies are increasingly integrating artificial intelligence during service recovery. However, little is known about AI's potential harm on perceived customer orientation. Drawing upon the Feeling Economy Theory, we propose that the use of artificial agents in service recovery harms perceived customer orientation, because of AI agents' lack of perceived empathy. Through three experimental studies, we show that consumers perceive service providers as less customer-oriented when artificial agents (vs. humans) are used in service recovery. We show that perceived empathy works as an underlying mechanism for these effects. Further, the type of task (feeling vs. thinking) works as a boundary condition for these effects. That is, consistent with an empathetic perspective on human (vs. artificial) agents, customer orientation is only harmed when the agent performs a feeling (vs. thinking) task. Finally, we further show that this effect is more pronounced for premium services.

Subject Areas: *Consumer Behaviour, Consumer Services, Customer Relationship Management and Customer Satisfaction, Retailing, Service Marketing*

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