

Customer Ethnic Bias in Service Encounters

Executive Summary

Increasing immigration and the concomitant ethnic diversity, especially in developed economies such as the United States and the European Union, brings about a rise in interethnic service encounters. To the extent that majority customers interact differently with minority than with majority frontline service employees, an interethnic bias is prevalent. The consequences of such bias can be severe and are at least twofold in nature. From the employee perspective, experienced ethnic bias often diminishes personal well-being and work performance. Biased customers, in turn, tend to not only exhibit less satisfaction with respective employee performance, the destructive affect may also translate into negative evaluations of organizations overall and their service facilities.

In order to effectively respond to changing societies, contemporary services management needs a better understanding of the differentiated consequences of an interethnic customer bias, and individuals' underlying psychological processes. Our research presents the findings of two empirical studies that aim to provide a better understanding of these issues. In an initial experimental investigation across two types of service situations (complaint and order service requests), we show that majority customers' behavior is more positively toned toward majority service employees than minority service employees. In a subsequent field experiment, conducted in cooperation with an international retail organization in Europe, we find that majority customers experience superior levels of rapport with majority than with minority employees. Furthermore, employees' demonstrated exit friendliness increases customer-experienced rapport,

in an effect that is generally more pronounced for minority employees in general; that is, customers perceive higher levels of rapport with minority (vs. majority) employees when the latter demonstrate exit friendliness. Finally, customer rapport increases identification, which in turn predicts loyalty intentions, facilitating the indirect effects surrounding interethnic service encounters on this final outcome variable.

Together, our findings underline the existence of interethnic bias in service encounters and suggest how service firms can attenuate the negative consequences of this bias. Several managerial implications derive from our findings: Rapport is an important goal in its own right; we show it can help foster customer identification with and loyalty to the service firm. What is more, our findings demonstrate that it is possible to buffer the effect of ethnic bias by fostering (minority) employee–customer rapport through easy-to-implement, minimally scripted expressions. One implication is that service firms aiming to combat the negative consequences of ethnic customer bias should employ scripted (positive) expressions of exit friendliness. Given its important mediational role, service firms could measure customers' level of rapport systematically to establish a baseline against which they could then monitor the success of actions geared toward generating employee–customer rapport. Service managers may also actively stimulate customer–firm identification, whether through increased rapport or in other ways, which could establish a more strongly identified customer base in the long run, which in turn may reduce customers' biased behavior during interethnic service encounters.