

Is Transparency Key? The Effects of Social Media Recovery on Virtually Present Others.

Customers increasingly use social media to voice complaints, making those comments visible to a wide range of uninvolved, virtually present others (VPOs). Many companies in turn seek to shift their handling of the complaint away from the public online platform and to a private interaction. Yet this approach might not be optimal, due to the importance of transparency in social media recovery and its impact on VPOs. Across four experiments this study reveals that service recovery transparency acts as an important signal of quality, improving VPOs' perceptions of the corporate image and their word-of-mouth and purchase intentions. However, service recovery transparency can offer a less effective quality signal when the service recovery is unsuccessful, with negative implications for VPOs' perceptions and intentions. To deal with this challenge, conditional transparency is promising; it provides transparency only about selected aspects of the service recovery. By making either the process or the outcome of the recovery transparent, companies can still exploit the positive signal of transparency, leading to more favorable VPO perceptions and intentions than would arise with complete opaqueness.