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Schadenfreude and sympathy:

Observer reactions to malicious joy during social media service recovery

Abstract

Complex social dynamics occur when complaints are voiced on firms' social media channels. In combination, a complainer criticizes a firm, which may be responded to uncivilly by different online personas, i.e., Internet trolls or loyal customers, with virtually-present observers watching how a firm responds. This research examines customer-to-customer (C2C) uncivil commentary from troll persona and loyal customer persona comments perceived by observers to elicit schadenfreude: malicious joy due to another's adverse event. Three studies show how C2C schadenfreude targeting a complainer elicits sympathy from observers, which influences observers' future purchase intent. A preliminary study's online content analysis using field data shows the frequency of C2C schadenfreude during social media service recovery. Study 2 uncovers moderated mediation of C2C schadenfreude-sympathy-purchase intent, with loyal customer persona comments producing more observer sympathy than troll persona comments. Study 3 finds the harmful effect of observer sympathy on purchase intent varies based on how or if a firm addresses the C2C dialogue. Taken altogether, this research uses a novel cognition (perceived schadenfreude from another's comment), lesser-studied emotion in marketing (sympathy), and is the first marketing-related work to incorporate backlash theory from organizational management to exemplify how loyal customer comments produce a backlash effect in observers.

Keywords: schadenfreude, sympathy, service recovery, third-party observer reactions, social media, backlash theory, trolls, customer-to-customer interactions.

The following vignette is emblematic of some interactions on brands' social media channels:

One customer's post: "*Epic fail [brand name], order an XL hot coffee Mocha and get no mocha*"

Another customer responds: "*If you want to exaggerate while also sounding 12, sure it's an 'epic fail'... Is your life so shallow and empty that someone forgetting your sugary treat in your coffee is an "epic fail"? Have you considered coffee meaning anything to your day is kinda sad? So really, none of that matters because it boils down to this: you're crying on social media about a sugary drink not being sugary. We'll all pray you will be alright,*" followed by laughing emojis.

The opening vignette illustrates a sociotechnical trend of one person insulting or mocking others for amusement, also known as *schadenfreude*. Indeed, some say we are, "in the age of *schadenfreude*," (Smith 2018, p. 12) due to the malicious joy some experience online via social media. This is a societal issue, yet also a problem for marketers using social media to enable customer-to-customer (C2C) dialogue. One type of implementation where C2C dialogue occurs is when firms use social media for the provision of service. Unlike offline customer service, which typically lacks a large audience, social media customer service is much different: The complainer-service provider dyad expands with virtually-present others participating in or watching a service recovery (Hogreve, Bilstein, and Hoerner 2019; Javornik, Filieri, and Gumann 2020). For instance, a complaint on a brand's social channel is criticism about the brand that different online personas can respond to, such as other loyal customers or Internet trolls (Phillips 2015), making these service recovery situations ideal for C2C dialogue (Baer 2016).

Social media customer service research attests that this C2C dialogue often includes incivility (Bacile 2020; Bacile et al. 2020), leading to observers' negative views of a brand (Bacile et al. 2018). These works focus on cognitive reactions (e.g., accountability, justice, value) more than emotions. Two emotions, though, that consumers may elicit from C2C rude language is *sympathy* of observers when watching a rude perpetrator experience *schadenfreude*. Sympathy is compassion or concern for another's situation, which elicits when seeing a victim of

another's schadenfreude (Dasborough and Harvey 2017). Marketing studies of sympathy are few and have been limited to charitable giving, advertising, and sympathetic employees (Escalas and Stern 2003; Lou, Kang, and Tse 2022; Sudhir, Roy, and Cherian 2016). Likewise, marketing researchers have examined schadenfreude albeit in status consumption, sports marketing, and advertising (Dalakas and Melancon 2012; Sundie et al. 2009). To our knowledge, no digital customer service research focuses on observer perspectives of C2C schadenfreude and sympathy, despite anecdotal support for their elicitation in online exchanges (Smith 2018). In addition, observers use message cues to perceive a social media complaint versus trolling comments (Labrecque et al. 2022), yet there is limited understanding of observers' perceptions of comments made by different online *personas*. Moreover, how a response from a troll persona (i.e., an online user believed to be an Internet troll) versus a response from a loyal customer persona (i.e., a user believed to be a loyal customer) influences observers' reactions is lacking. Observers are a key stakeholder group because they outnumber participants, thereby having far reaching effects more so than a single victim or single perpetrator of rude language (Johnen and Schnittka 2019).

This work examines observers' sympathy for a customer who is victimized by another's schadenfreude during social media service recovery. These research questions guide our inquiry:

- RQ1: Will observers of another customer responder's schadenfreude in a digital customer service environment elicit sympathy toward a targeted victim?
- RQ2: Will this effect vary due to a responder's persona, i.e., if the malicious joyful comments arise from a persona observers believe to be a loyal customer or troll?
- RQ3: Will observers' purchase intent for a brand be affected by C2C schadenfreude, and if so, how should a brand respond?

This research answers a call by Khamitov, Grégoire, and Suri (2020) to examine new contexts, moral issues, and negative events in multi-actor service recovery situations. A preliminary study's online content analysis shows C2C schadenfreude occurs often. Two experiments then show observers sympathize with a target of another's malicious joyful comments but the effect varies based on a responder's persona. Backlash theory, affective events theory, and the social-servicescapes framework support a stronger schadenfreude-sympathy linkage if a rude responder is a loyal customer versus a troll. Notably, Study 2 finds a moderated mediation effect of these constructs influencing observers' purchase intent. Study 3 then finds sympathy arising from C2C schadenfreude reduces observers' purchase intent, yet, the effect depends on if a firm's response denounces, agrees with, or passively ignores the schadenfreude.

Theoretical implications widen the impact of C2C schadenfreude and sympathy to digital customer service. A unique cognition (perceived schadenfreude from another's comment) and lesser-studied emotion in marketing (sympathy) influence purchase intent. We also expand incivility-related research by showing one customer's schadenfreude produces a sympathetic emotional response in an observing customer, who then penalizes a firm with lower purchase intent. The effect is more evident if a responder is a loyal customer, which suggests customers defending a brand on social media produce an unforeseen negative effect for brands. Third, we apply backlash theory in a marketing context of C2C exchanges, the appeal of which is due to an observer perspective that does not assume in-group membership. This is unlike in-group member comparisons that underlie social identity theory, the self-evaluation maintenance model, and similar psychological theories used in marketing. To our knowledge, marketers have not applied backlash theory previously, meaning this work shows the theory's relevance to marketing.

Managerially, the findings show how a loyal customer responder in support of a brand is harmful. This type of C2C engagement should be desired, yet the pitfall of sympathy on purchase intent is identified. Another managerial implication is illustrating different responses to C2C comments that include schadenfreude. Managers typically ignore such comments or may respond in a way that agrees with the critique of others because it is viewed as benign. The authors posit an optimal reply strategy is denouncing C2C schadenfreude, which can bolster purchase intent to a wide number of observers who are watching these public service recoveries.

Literature Review and Conceptual Development

Observers of Social Media Service Recovery

Traditional service recovery channels via telephone, e-mail, or in-person are often insulated from an observing audience. Yet, virtual observers viewing a recovery on social media creates new challenges. Front-stage service recovery in virtual channels introduce social media as a service environment (Schaefer and Schamari 2016), also known as a servicescape (Bitner 1992), which differs from online review platforms' primary usage for word-of-mouth (Grégoire, Salle, and Tripp 2015). Table 1 lists a growing research stream of observers' reactions to brand and complainer (B2C) exchanges and C2C exchanges during social media service recovery. These works demonstrate how newer media and business contexts create service recovery journeys with complex interactions from multiple actors (Van Vaerenbergh et al. 2019).

Complainer-focused constructs in offline service recovery are used as observer-focused constructs in social media service recovery. For instance, observers' perceived justice (Bacile et al. 2018), brand attitude and satisfaction (Schaefer and Schamari 2016), word-of-mouth and trust (Weitzl and Hutzinger 2017), perceived quality (Hogreve, Bilstein, and Hoerner 2019), and

purchase intent (Johnen and Schnittka 2019) are examined in an observer perspective in digital servicescapes. Nonetheless, social media as a unique service environment versus traditional channels introduces novel constructs such as observers' complaint language perceptions (Bacile 2024), complaint credibility (Hutzinger and Weitzl 2021), social risk (Armstrong, Kulczynski, and Brennan 2022), liking or sharing brand content (Dineva and Daunt 2023), and observers' appreciation for a brand's humorous replies (Béal and Grégoire 2022; Béal, Grégoire, and Carrillat 2023). The preponderance of online service recovery research that features observers in Table 1 investigates content and cues within messages. Less studied, though, is if different customer persona responders affect observer perceptions. In addition, to our knowledge, observers assessing C2C schadenfreude and related outcomes has not been studied yet.

=== Insert Table 1 about here ===

Schadenfreude and How it Differs from Trolling

Schadenfreude is defined as amusement and pleasure felt at another's misfortune (Smith et al. 2009) and is akin to malicious joy (Schumpe and Lafrenière 2016). Concepts counter to normative behavior such as narcissism, Machiavellianism, psychopathy, and sadism share links to schadenfreude (James et al. 2014). Focal studies of schadenfreude have been limited in marketing, but there are psychological explorations. People become amused at others' misfortune when something is to gain, the misfortune is deserved, or in relation to envy (Smith et al. 2009). Respective examples of each include fans' pleasure when their team defeats a rival (Leach et al. 2003), the satisfaction of hypocrisy deserving misfortune (Feather 2006; Kristjánsson 2006), and envious social comparison benefits (Powell, Smith, and Schurtz 2008; Van Dijk et al. 2006).

In the marketing literature, schadenfreude studies have been limited to areas such as sports marketing, status consumption, and comparative advertising. For instance, sports marketing research suggests fans who identify with their team can elicit schadenfreude toward opposing fans and wish harm to brand sponsors (Dalakas and Melancon 2012; Kim and Kim 2018). In status consumption, customers who observe others' dissatisfaction with status products produce schadenfreude, leading to negative word-of-mouth, negative affect, and weaker attitude toward a status brand (Pancer, McShane, and Poole 2017; Sundie et al. 2009). Relatedly, luxury product research finds envy is an antecedent of schadenfreude (Shimul, Sung, and Phau 2021). Associated with status is evoking schadenfreude when viewing ads of higher- versus lower-status products. Ads featuring low-status product inferiority elicits schadenfreude in observers who believe a customer's choice of an inferior product deserves misfortune (Yucel-Aybat and Kramer 2017).

Some other behaviors have links to schadenfreude. While schadenfreude refers to an emotion, trolling refers to malicious online behavior (e.g., posting comments) that is disrupting, aggravating, and/or fruitless argumentation (Coles and West 2016), with the online persona doing this action referred to as a troll. A troll is an online persona whose communications are referred to as trolling, defined as malicious online behavior that is disrupting, aggravating, and/or fruitless argumentation (Coles and West 2016). Researchers note a few types of trolling that fall under this broad definition. For example, moral trolling deceives targets with non-topical content, sadistic trolling threatens targets, flame trolling draws others into useless arguments, political trolling attempts to subvert democracies, kudos trolling entertains or amuses, and other types of trolling target various aspects (Bishop 2014; Mulcahy et al. 2023; Ortiz 2020; Phillips 2015). The many types is why trolling "may have multiple, inconsistent and incompatible

meanings, depending upon the context,” (Coles and West 2016, p. 233). Thus, in some cases of trolling it is possible for the poster to experience the emotion of schadenfreude after sharing a message, but a troll as a user persona, trolling as a behavior¹, and schadenfreude as a post-behavior emotional reaction are not synonymous.

Sympathy

Sympathy is associated with morality and defined as feelings of concern or compassion for another’s welfare (Decety and Michalska 2010). The morality association is why, “sympathy is viewed as an other-oriented moral emotion,” (Eisenberg 2000, p. 672). It is often related to ‘empathy’ but, for clarity, empathy is understanding and reproducing another’s emotions in a negative situation (Batson, Early, and Salvarani 1997). Sympathy is distinct because it does not reproduce, “emotion perceived in another but is, rather, a response of compassion or concern evoked by the plight of another,” (Gruen and Mendelsohn 1986, p. 609). Thus, sympathy and empathy are unique emotional responses (Wispé 1986) that use distinct measures (Gruen and Mendelsohn 1986) and activate different parts of the brain (Decety and Michalska 2010).

Marketers examine empathy but know less about sympathy, especially in a C2C service context. Recovery research is limited to employee’s sympathetic language boosting satisfaction and purchase intent in offline (Roschk and Kaiser 2013) and online venues (Lou, Kang, and Tse 2022). Béal, Grégoire, and Carrillat (2023) put forth that sympathy toward a company from online complainers is a control in a larger model, yet results were inconclusive. Non-services marketing areas studying sympathy are product lawsuits (Darden et al. 1991), sustainability (Ketron and Naletelich 2019), for-profit ads/spokespersons (Escalas and Stern 2003), and

¹ Possibly anyone – including non-trolls – may use disruptive or aggravating trolling messages depending on context specific situations and a message poster’s state of mind. We thank an anonymous reviewer for noting this fact.

charitable-giving ads (Small and Verrochi 2009; Sudhir, Roy, and Cherian 2016). Most of these areas identify promotional message cues to elicit sympathy. Thus, to our knowledge a gap exists related to this research, as no digital service studies examine C2C schadenfreude and sympathy.

Hypotheses

The proposed influence of C2C schadenfreude and sympathy in social media service recovery is depicted in Figure 1's research model. Of relevance is the social-servicescapes model (Tombs and McColl-Kennedy 2003), which is partially grounded in affective events theory (Weiss and Cropanzano 1996). This organizational behavior theory posits work-related events are stimuli for employees who evoke positive (negative) emotional responses, which lead to beneficial (harmful) employee behaviors toward a firm. Marketers adapt this theory to environmental stimuli responses in a service environment (Russell-Bennett, Härtel, and Beatson 2011), and it is relevant to a servicescape's social dimension (Rosenbaum and Massiah 2011). Affective events in a social-servicescapes context suggest behavior such as C2C exchanges are environmental stimuli observers react to with emotional and/or cognitive responses.

==== Insert Figure 1 about here ====

The social-servicescapes model conceives environmental stimuli affect purchase intent (Tombs and McColl-Kennedy 2003), such as negative emotion leading to lower purchase intent (Bitner 1992). Sympathy, as an other-oriented moral emotion, creates a negative frame of mind in the sympathizer (Lou, Kang, and Tse 2022). We posit observers of C2C schadenfreude form a negative emotional state by sympathizing with a target; and this elicitation lowers purchase intent. Furthermore, affective events theory states interpersonal events flow through affective reactions to behavior (Judge, Scott, and Ilies 2006), and such mediation through emotion to intent is part of the social-servicescapes framework (Tombs and McColl-Kennedy 2003).

Therefore, a sequence of observers' perceptions of another customer responder's schadenfreude produces sympathy in the observer for the target, which reduces observers' future purchase intent. Likewise, sympathy mediates schadenfreude's effect on purchase intent.

H1: Observers' perceptions of C2C schadenfreude:

- a) has a positive relationship with observers' sympathy for the target of schadenfreude;
- b) this sympathy has a negative relationship with observers' purchase intent; and
- c) sympathy mediates the effect of C2C schadenfreude on purchase intent.

Figure 1 depicts two moderation effects. The first is the perceived online persona of a responder based on stereotype impressions. Stereotype theory (Schneider 2004) posits that people form impressions with environmental cues. The present inquiry examines observers' impressions from stereotypes of virtual personas based on profile cues. Moreover, this study investigates how profile cues help form persona impressions (e.g., a troll persona versus a loyal customer persona) to affect observers' reactions, which builds on prior work using linguistic cues in trolling communications (Labrecque et al. 2022). Observers recognize a user as a troll based on cues such as a username, profile information, or the content of message posts (Coles and West 2016; Phillips 2015). Another impression example is cues of a user's given status, badge, or title in a brand's online community or social media (Bowden and Mirzaei 2021). Observers use these cues to identify a loyal customer who possesses brand knowledge (Kwon, Halavais, and Havener 2015). Based on such cues, loyal customers are viewed positively by brands and customers (Wilk, Soutar, and Harrigan 2021), yet trolls are viewed negatively (Golf-Papez and Veer 2022).

We posit observers who believe a responder's online persona is a loyal customer (versus a troll) affects reactions to C2C schadenfreude. Backlash theory (Rudman 1998) supports this position, but is also applicable by not requiring an evaluator to be a member in a specific group. This last point is key because there may not be evidence that an observer is an in- or out-group member of a publicly accessible social media channel. As such, theories within marketing that

use in-group member comparisons (e.g., social identity theory) are not entirely suitable in the present exploration. In addition, Table 1's third column lists seven different studies that have examined C2C interactions in online service recovery, all of which assess message content with theoretical support from social exchange, social learning, justice, etc. Yet, they do not compare multiple customer personas like our work, thereby necessitating different theoretical support.

Backlash theory emerged in workplace contexts, yet the underlying tenets are observers' reactions to counter-stereotypical behavior (Rudman et al. 2012). A social, economic, or mental backlash effect occurs if an observer's impression of behavior is inconsistent to beliefs of how a stereotyped persona should behave (Lee 2023; Rudman et al. 2012). Prior work states a backlash effect of the moral emotion of disgust can occur (Brescoll, Okimoto, and Vial 2018). We posit a loyal customer's malicious joyful comments cause observers to elicit sympathy for the targeted complainer because most people show compassion/concern for mistreatment of others (Gilbert 2015). A backlash effect of sympathy is possible if comments are believed to be for amusement of another's negative situation, which runs counter to expected behavior of a customer representing a brand on a digital channel (Hutzinger and Weitzl 2021; Smith et al. 2018).

Comparatively, observers elicit less sympathy when the responder is a troll experiencing *schadenfreude* for two reasons. First, a troll is behaving as expected without defying stereotype expectations, which would not produce a backlash effect of moral emotion. Second, the process of Clark's (1987) 'flow of sympathy' with varying 'sympathy margins' occurs after assessing the seriousness of a situation. It is common for observers to view troll replies as wrong, but ignore further mental elaboration (i.e., do not feed the trolls; Connolly 2022). Therefore, the flow toward sympathy is not reached when observing a troll. Yet, a loyal customer's reply is not dismissed as quickly by observers, which allows for the flow of sympathy to develop.

H2: The positive effect of observers' perceived C2C schadenfreude on observers' sympathy is moderated by the online persona's responder type. The effect is stronger when a responder type is perceived to be a loyal customer versus a troll.

A second proposed moderator is how a firm's reply alters the sympathy-purchase intent linkage. Observers in a service environment expect employees to address C2C mistreatment (Fullerton and Punj 2004). Deonance research shows observers respond favorably when an uncivil perpetrator is reprimanded by a firm (Pugh, Brady, and Hopkins 2018) but punish a firm with lower purchase intent if not reprimanded (Porath, MacInnis, and Folkes 2010). As such, one type of reply is to reprimand by denouncing C2C schadenfreude, which should offset sympathy's negative effect on purchase intent. This aligns with compatibility management (Pranter and Martin 1991) and recent research advocating firms should, "manage the socio-technical networks that allow and feed these misbehaviors," (Golf-Papez and Veer 2022, p. 105). Yet, academic and anecdotal accounts acknowledge other ways firms reply. A second is partially agreeing with C2C comments by supporting another customer's uncivil reply when defending a brand. This is due to human service agents who handle social media complaints having a natural defensive tendency when displeasure or dissatisfaction is voiced by a complainer (Baer 2016). This may be why some brands respond with humor or snarky replies on social media (Batista et al. 2022; Marks 2017). A third type of firm reply, or lack thereof, is to passively ignore the C2C exchange and is common when brands react to C2C incivility (Wolter, Bacile, and Xu 2023). The latter two types of firm responses lack an expected reprimand from a C2C moral violation in a service setting, which harms observers' sympathy-purchase intent effect more than a denouncing response.

H3: A firm's reply that a) denounces C2C schadenfreude will reduce the harmful effect of observers' sympathy on observers' purchase intent more than b) a reply that agrees with or c) a reply that passively ignores C2C schadenfreude.

Study 1: Preliminary Field Study

Data and Methodology

The phenomenon of study is under researched, thus the authors conducted an online content analysis similar to Labrecque et al. (2022). The purpose of this study was to assess the frequency of C2C schadenfreude in the chosen service recovery context. Two researchers collected four months of data from the Facebook brand pages of McDonald's, Wendy's, and Walmart, which were selected purposely for three reasons. First, per Kozinets (2002), such an analysis requires data that exhibits the chosen phenomenon of C2C schadenfreude, which was evident on these brands' social media. Second, restaurants and retailers receive low customer satisfaction scores (ACSI 2023; Statista 2022), which infers possible consumer complaints. Third, customer engagement on these brands' social media is strong (Richter 2018), which can amplify complaints and service recovery responses (Golmohammadi et al. 2021).

The Export Comments platform (<https://exportcomments.com>) captured 53,012 comments from 100 brand posts, with 2,209 (4%) being customer complaints. We categorized a customer comment as a complaint based on past research conceptualizations: an explicit (i.e., complains directly to a brand) or implicit (i.e., discusses their discontent on a brand's channel without directly complaining) expression of dissatisfaction about a product/service, failure, or company (mis)conduct (Grégoire, Salle, and Tripp 2015). To capture the expression of C2C schadenfreude, we used in an iterative process that: 1) drew from extant conceptualizations as a guiding framework (deduction); 2) noted data-driven linguistic attributes of the phenomenon (induction); and 3) combined the insights into a framework of C2C schadenfreude for the service

recovery context. Web Appendix WA-Table 1 captures the final conceptualization C2C schadenfreude, which guided our data collection, coding, and analysis procedures.

In the 2,209 consumer complaints, 24% received C2C schadenfreude replies from other consumers, resulting in a final dataset of 535 schadenfreude comments made to complainers. Brand replies to C2C schadenfreude were sought; however, all three brands passively ignored schadenfreude comments. To analyze the C2C schadenfreude excerpts, data-driven codes for ‘intensity’ were assigned to these iteratively at the semantic (surface) level (Braun and Clarke 2006). Two coders independently coded a subset of the data (n=100). After resolving differences, the proportional agreement metric (Rust and Cooil 1994) was strong ($I_r=.91$).

Findings

Web Appendix WA-Table 2 displays the categorization of C2C schadenfreude in response to consumer complaints on social media. Coding of schadenfreude was differentiated into two groups of intensity: strong versus mild. The strong C2C schadenfreude exchanges represented a larger proportion in the data (62%; n=334). These typically exhibited malicious joy with stronger derogatory language to mock the complainer. A common pattern was laughter expressed via multiple laughing face emojis and statements. In contrast, mild C2C schadenfreude expressions occurred less (38%; n=201). Mild expressions represented a lesser degree of derogatory comments and/or the suggestion of rationalizing a counterpoint to partly legitimize the mocking of a complaint. Emojis were also used in responses within the mild category, albeit not as confrontational compared to emojis used in the stronger category. Although not a focal point of the analysis, it was also apparent that some commenters were troll-like personas (29%) or customer-like personas (17%), with the remainder not providing enough cues to categorize a

persona. Trolls lacked profile pictures and used unrealistic or sarcastic names (e.g., Online Helper). Customers had profile pictures, realistic names, and seemed more familiar with a brand. Thus, schadenfreude was experienced by dysfunctional trolls and customers of the brands.

Discussion

The preliminary study uncovered the frequency of C2C schadenfreude during social media service recovery, with 24% of complaints on these brands' social media exhibiting C2C schadenfreude. This frequency of service recovery interjections aligns with other studies of other-customer behaviors. For instance, Bacile et al. (2018) found that 23% of social media complaints received uncivil replies from other customers. Also, Bitner, Booms, and Mohr (1994) found 22% of failures were caused by interjecting 'problem customers' in offline environments. Thus, the frequency of C2C schadenfreude is enough to merit the attention of academics and practitioners. The following two studies provide more understanding about this phenomenon.

Study 2

Pretests

Prior to Study 2, several pretests examined psychometric properties, verified the questions and stimuli were understood, assessed complaints in different industries, and considered constructs that could alter the proposed relationships. First, pretests used Amazon M-Turk subjects to assess the realism of the scenario, as well as if the reply produced perceived schadenfreude and sympathy. These pretests revealed that perceived failure severity based on the complaint text played a factor. A lesser severe failure did not produce strong perceptions of schadenfreude or sympathy but a more severe failure did produce these effects. Hence, the chosen complaint text was verified to be realistic and represent a severe failure. Pretests also

showed the stronger (versus milder) condition produced higher perceived schadenfreude; and the loyal customer (versus troll) condition had more credibility and likelihood to be a customer.

Khamitov, Grégoire, and Suri (2020) suggest assessing rival constructs that may alter proposed effects, therefore, three additional pretests using Prodege online panel data (U.S. subjects paid \$2-\$4 each) used retail, airline, and product failure contexts. Stimuli and results are in the Web Appendix WA-Tables 3, 4, 5a, 5b, and WA-Figures 1, 2, and 3. First, a complaint posted to a fictitious retailer's social media channel was met with a reply from another consumer: a reply perceived to exhibit stronger versus milder schadenfreude. The added constructs that could possibly alter the proposed effects were observers' perceptions of aspects related to the failure and how the firm addressed it such as blame attributed to the firm, failure severity, satisfaction with the recovery, anger, and organizational justice. Predictably, these constructs produced stronger sympathy (e.g., more blame attributed to the retailer led to more sympathy for the complainer) in the stronger schadenfreude condition. Yet, their presence as covariates had no effect on the significant schadenfreude–sympathy relationship. Notably, these added constructs did not assess aspects of our focus on C2C dialogue. To account for this, another pretest examined sympathy due to perceived C2C incivility versus perceived schadenfreude. Subjects viewed a scenario of a complaint posted on a fictitious airline's social media platform, followed by a reply from another customer who derived satisfaction from the complainer's issue. Results show that perceived schadenfreude significantly increased sympathy but adding perceived incivility as a covariate had no effect on sympathy. This aligned with prior work that showed the two constructs to be distinct (Brubaker, Montez, and Church 2021).

In the third pretest, a product failure scenario with a two-by-two design (stronger/milder schadenfreude x troll/loyal customer persona responder) assessed C2C rival constructs' impact

on observers' sympathy and to clarify if observers' sympathy affects behavioral outcomes. Possible rival constructs examined were C2C justice (observers' perspective the responder's comment is perceived as (un)justified), C2C blame (observers' attributions of blame given to the complainer), C2C betrayal (observers' belief the responder betrayed the complainer), and C2C severity of the dialogue. There was no significant effect on sympathy by C2C justice, C2C blame, or C2C severity; however, C2C betrayal did have a positive and significant effect ($p < .05$) on sympathy. Importantly, using these C2C constructs as covariates did not produce a discernible effect on the schadenfreude-sympathy relationship or schadenfreude-responder interaction, both of which remained statistically significant. This pretest also found behavioral responses (e.g., observers' intent to post a reply to the complainer or to the responder in the thread) result from sympathy. When observers perceive stronger schadenfreude, sympathy toward the complaining customer intensifies more when the responder is perceived as a loyal customer versus a troll, which subsequently increased observers' inclination to respond in the conversation.

Study 2 Method, Sample, and Manipulation Checks

An online experimental survey was fielded to assess H1-H2 with a between-subjects two-by-two (perceived schadenfreude reply to a complaint: strong/mild X online persona: responder is a loyal customer/troll) factorial design. The survey used a scenario of a hypothetical situation of a subject reading another customer's complaint posted to a fictitious restaurant's social media channel followed by another customer's reply. This scenario-based failure design using fictitious brands is often used to avoid ethical concerns and the threat of bias (McCullough, Berry, and Yadav 2000). All subjects observed the same complaint and one of the four stimuli.

A U.S. sample was purchased from Prodege's online panel ($n=266$; M Age=44, Female=56%; \$4 per subject). Prodege insured all respondents passed four attention checks.

Manipulation checks with seven-point measures verified subjects understood the experimental conditions as intended. A single item adapted from a schadenfreude scale (Dasborough and Harvey 2017) indicated subjects viewed the strong schadenfreude condition to be significantly stronger ($F(1,264)=40.7$, $M=5.2$, $SD=1.5$, $p<.001$) than the mild condition ($M=4.4$, $SD=1.6$). Two items asked subjects if they believed the person who responded “was a loyal customer of the company” and “was nothing more than a social media troll”. Even though other researchers (e.g., Wolter, Bacile, and Xu 2023) have assessed trolls or loyal customers on social media by accompanying stimuli with a description, a minimalistic approach was used. Subjects exposed to the loyal customer stimulus only viewed the user’s profile image, username, a ‘top fan’ icon next to the username and response text, with no additional description. Subjects exposed to the troll stimulus only viewed the user’s profile image silhouette icon representing no personal image, sarcastic username, and response text, with no additional description (see Figure 2). The use of a sarcastic name and lack of a profile image was consistent with the preliminary study’s findings. These minimal cues with no added description showed subjects had a significantly higher belief the responder in the loyal customer condition was a loyal customer ($F(1,264)=16.6$, $M=4.5$, $SD=1.7$, $p=.016$) more than a troll ($M=4.0$, $SD=1.6$). These minimal cues also showed subjects had a marginally significant higher belief the responder in the troll condition was viewed as a troll ($F(1,264)=10.0$, $M=5.0$, $SD=1.6$, $p=.06$) more than a loyal customer ($M=4.6$, $SD=1.8$).

=== Insert Figure 2 about here ===

Measures

All measures were adapted from previously published works. Sympathy was measured with the items and protocol recommended by Gruen and Mendelsohn (1986). These researchers and others posit that sympathy is best measured by comparing mean differences between pre-

stimulus versus post-stimulus items. Thus, the same protocol and three sympathy items were used from Gruen and Mendelsohn (1986), two of which were asked before presenting stimuli and then all three were asked post-stimuli. The mean values of the pre- versus post-stimuli items were then compared per Gruen and Mendelsohn (1986). Purchase intent adapted three items from Sundar and Kalyanaraman (2004). All measures used seven-point Likert scales with extreme bi-polar anchors. Table 2 lists the items and descriptive statistics.

=== Insert Table 2 about Here ===

Preliminary Analysis: Validity, Reliability, and Common Method Bias

A confirmatory factor analysis (CFA) with AMOS (v.27) examined the fitness of the measures. Each item loaded on one factor and did not cross-load. Results show the measurement model fit the data well ($\chi^2=15.0$, $df=8$, $\chi^2/df=1.88$; CFI=.99; TLI=.99; SRMR=.052; RMSEA=.058). Convergent validity was met with each latent variable's average variance extracted (AVE) above .50 (Fornell and Larcker 1981) and all items loaded significantly ($p<.001$) to meet construct reliability (see Table 2 for item and scale descriptives). Discriminant validity was met with the square root of each construct's AVE exceeding the sympathy – purchase intent correlation ($r=-.22$; Fornell and Larcker 1981) and HTMT scores were below .75 (Voorhees et al. 2016). To address common method bias, an unrelated marker variable's two lowest correlations ($r=.002$ & $.004$) fell below the .20 threshold (Malhotra, Kim, and Patil 2006).

Results of Hypotheses Tests

Variance and regression analyses examined the main effect and interaction effect of the responder's online persona on the mediator (observers' sympathy), and the dependent variable (observers' purchase intent). Table 3 shows the results based on the Hayes (2018) PROCESS Macro (Model 7). First, direct and interactional effects were tested. Per the Gruen and

Mendelsohn (1986) method, observers' mean sympathy increased more ($F(265, 3) = 8.31$; $p=.004$) from pre- to post-sympathy in the stronger schadenfreude condition (pre-sympathy $M=4.39$, $SD=1.7$; post-sympathy $M=4.84$, $\Delta=+.45$, $SD=1.3$) than the milder condition (pre-sympathy $M=4.6$, $SD=1.7$; post-sympathy $M=4.6$, $\Delta=.00$, $SD=1.4$) to support H1a. Regression results also confirmed the positive effect of schadenfreude on sympathy change ($\beta=.47$; $SE=.17$, $t=2.77$ $p=.01$) and negative effect of sympathy change on purchase intent ($\beta=-.29$; $SE=.07$, $t=-3.78$, $p<.001$) to support H1b (see Table 3). Stronger schadenfreude produced more observers' sympathy for a complainer who was a target of a reply perceived to include schadenfreude, which lowered observers' purchase intent.

==== Insert Table 3 about here ====

In support of H1c's mediation, bootstrapping (Hayes 2018; Model 4) revealed an indirect pathway from schadenfreude to observers' purchase intention through observers' sympathy change was significant ($\beta=-.14$; Boot $SE=.06$ CI: $-.28$ to $-.03$). In support of H2, variance analyses showed the significant interaction of the schadenfreude condition and online persona of the responder on observers' sympathy ($F(265, 3)=5.84$; $p=.02$, see Figure 3's plots). Pair-wise comparisons of observers' sympathy difference between the two schadenfreude conditions was not significant in the troll condition ($F(262, 1)=.114$; $p=.74$) but was significant in the loyal customer condition ($F(262, 1)=13.43$; $p<.001$). A loyal customer responder in the stronger schadenfreude condition produced a stronger increase in observers' sympathy ($\beta=.89$; $SE=.24$, $t=3.66$; $p<.001$; pre-sympathy $M=4.3$, $SD=1.9$; post-sympathy $M=5.0$, $\Delta=+.70$, $SD=1.5$) than the milder schadenfreude condition ($\beta=.08$; $SE=.23$, $t=.34$; $p=.74$; pre-sympathy $M=5.0$, $SD=1.7$; post-sympathy $M=4.7$, $\Delta=-.30$, $SD=1.6$) to support H2. This moderation effect was also present in the moderated mediation pathway (Model 7; Table 3): the interaction of schadenfreude and

online persona of the responder to observers' purchase intention through observers' sympathy was significant (Moderated Mediation Index: -.24; Boot SE: .12; CI: -.49 to -.04).

=== Insert Figure 3 about here ===

Discussion

Study 2's results show the influential effect of C2C schadenfreude in digital customer service initiatives via social media. C2C schadenfreude is a strong enough environmental stimulus for observers to elicit sympathy for the target of such comments. Between the two online personas, observers elicit more sympathy for targets when malicious joyful replies are from loyal customers versus trolls, which fully mediated the effect of C2C schadenfreude on observers' purchase intent, consistent with backlash theory and the hypotheses. This finding that loyal customers have a more detrimental effect aligns with the need to inspect some type of relational component in service recovery work (Khamitov, Grégoire, and Suri 2020). The results shine a new light on how loyal customers who come to the defense of a brand with amusing, yet rude comments may actually be harming the company. Such comments may reduce purchase intent with the largest stakeholder group: observers who are virtually present.

Study 2 has some limitations. Perceived C2C schadenfreude was categorical (not a continuous measure) and the responder's online persona manipulation provided minimal cues (without cues such as follower counts and other informational cues). Additionally, something not assessed in Study 2 was a firm's response to the C2C dialogue. In relation to online service recovery, how a firm's reply affects purchase intent was not assessed in Study 2's design. Study 3 addresses many of these limitations.

Study 3

Method and Design

Study 3 assessed H1a-b and H2-H3 with a design similar to Study 2's but with a few changes. The mediation of sympathy between perceived schadenfreude and purchase intent suggested in H1c was not examined in Study 3, due to the more complex design of adding a firm's response to assessing purchase intent. A between-subjects factorial design used a two-by-three structure (online persona: customer responder is a loyal customer/troll X reply from firm: 'denouncing'/'agreeing with'/'passively ignoring' a responder's comment). Subjects completed pre-stimuli sympathy baseline measures before being asked to imagine viewing another customer's complaint on social media. A fictitious restaurant was used because this type of firm often receives online complaints with C2C mistreatment (Bacile et al. 2018) and a pretest of different fictitious companies (e.g., airline, retailer) revealed the restaurant complaint as the most realistic.

After all subjects viewed the same complaint, a response from one of two randomly selected persona responders (loyal customer or a troll) were shown. The degree of C2C schadenfreude was not manipulated, but rather held constant at a strong level since Study 2's effects were found to be in relation to a higher degree of schadenfreude. The persona stimuli were similar to Study 2, but used more cues: the number of followers, number of page posts, and a brief description about the responder being more or less familiar with the restaurant. In addition, next to each persona's username was an icon: the loyal customer condition included a 'top fan' icon and the troll condition included a 'new to page' icon. The same reply text from the randomly selected persona was followed by measures to verify the manipulation, observers' perceived schadenfreude, and observers' sympathy.

Subjects then viewed one of three randomly selected responses from the restaurant. All three responses apologized to the complainer and requested that they send a private message to

discuss the failure further. The passively ignore condition included no other text in the firm's reply (i.e., the firm passively ignored the schadenfreude reply). However, the denounce response included language asking everyone on the page to refrain from making fun of the complainer's situation. In contrast, the agreement response included language that partially agreed with the responder's comments. See Figure 4 to view the stimuli. Following the restaurant's response, measures were given to verify the manipulation, purchase intention, and demographics.

=== Insert Figure 4 about here ===

Sample and Manipulation Checks

A U.S. sample used Prodege's online panel ($n=416$; M Age=51, Female=53%; \$3 per subject). Prodege insured all subjects passed four attention check items. Manipulation checks on seven-point scales supported that subjects understood the experiment's conditions as intended. Four perceived schadenfreude items ($M=5.2$, $SD=1.4$) showed the other commenter's response was perceived to include a strong degree of schadenfreude. Perceived schadenfreude was not significantly different between the loyal customer or troll condition. The same two items from Study 2 asked subjects the degree to which they perceived the responder to be a loyal customer or troll. Subjects had a significantly higher belief the responder in the troll condition was viewed as a troll ($F(1,414)=12.7$, $M=4.4$, $SD=1.8$, $p<.001$) than a loyal customer ($M=3.8$, $SD=1.6$). Subjects also had a significantly higher belief the responder in the loyal customer condition was a loyal customer ($F(1,414)=74.4$, $M=4.5$, $SD=1.6$, $p<.001$) rather than a troll ($M=3.1$, $SD=1.7$). Another item assessed perceived credibility of the persona. The loyal customer condition was more credible ($F(1,414)=48.7$, $M=4.2$, $SD=1.5$, $p<.001$) than the troll condition ($M=3.0$, $SD=1.7$). Additional manipulation checks verified each of the 'denounce', 'agree', or 'passive' firm reply conditions were understood by subjects as intended.

Measures

All measures were adapted from published works. Four items to assess observers' perceived schadenfreude were adapted from Dasborough and Harvey (2017). Observers' sympathy was again measured with the items and protocol from Gruen and Mendelsohn (1986). A different observers' purchase intent scale that better fit Study 3's scenario adapted three items from Voorhees, Brady, and Horowitz (2006). Items were pretested using M-Turk samples to verify they were understood. All measures used seven-point Likert scales with extreme bi-polar anchors. Table 2 lists Study 3's items with descriptive statistics in the right-most column.

Preliminary Analysis

A CFA (AMOS v.27) scrutinized observers' perceived schadenfreude, sympathy, and purchase intent. Each item loaded on one factor without cross-loading. The measurement model fit the data well ($\chi^2=110.7$, $df=32$, $\chi^2/df=3.46$; CFI=.97; TLI=.98; SRMR=.057; RMSEA=.077). Convergent validity was met with each latent variable's AVE > .50 (Fornell and Larcker 1981) and all items loaded significantly ($p<.001$) to meet construct reliability (see Table 2 for descriptives). Discriminant validity was met with the AVE's square root (Fornell and Larcker 1981) for each construct exceeding construct correlations and HTMT scores were below a threshold of .75 (Voorhees et al. 2016). Common method bias concern was alleviated with a marker variable's two lowest correlations ($r=.002$ and $-.007$).

Results of Hypotheses Tests

The main and interaction effects of observers' perceived schadenfreude and online persona on observers' sympathy used a stepwise regression model. The first step only included observers' perceived schadenfreude and online persona variables in the model. Results showed a

significant main effect of observers' perceived schadenfreude on observers' sympathy ($\beta = .11$, $SE = .06$, $t = 2.32$, $p = .02$) to support H1a. The path from observers' sympathy to observers' purchase intent was also significant ($\beta = -.10$, $SE = .05$, $t = -2.00$, $p = .047$) to support H1b.

The results showed no significant main effect of online persona on observers' sympathy ($\beta = .06$, $SE = .16$, $t = 1.20$, $p = .23$), yet H2's significant interaction was present after the term was included in the model ($\beta = .23$, $t = 17.51$, $p < .001$). Hayes (2018) Model 1 probed the interaction. Based on the conditional effects, while the positive effect of observers' perceived schadenfreude on observers' sympathy was significant in the loyal customer condition ($\beta = .25$, $SE = .08$, $t = 3.09$, $p = .002$) this effect was not significant in the troll condition ($\beta = .02$, $SE = .08$, $t = .31$, $p = .77$), which replicated the findings in Study 2. Therefore, observers' perceived schadenfreude increased observers' sympathy only if the commenter was a loyal customer. These results support H2 and are consistent with the authors' conceptualization using backlash theory.

H3 then assessed if a firm's reply attenuated the negative impact of observers' sympathy on purchase intent with moderation analyses of the Hayes (2018) PROCESS Macro (Model 1). Due to H3's multicategorical moderator (firm's reply) with three conditions (denouncing schadenfreude, agreeing with schadenfreude, or passively ignoring schadenfreude), two dummy variables were created per Hayes and Montoya (2017) to see which type of reply was more effective. In the 'denounce' condition, the reply was coded "1" and other conditions "0". In the 'agree' condition, the reply was coded "1" and other conditions "0". Results showed the path from observers' sympathy and the denounce reply interaction term to observers' purchase intention was significant and in the intended direction ($\beta = .35$, $SE = .13$, $t = 2.68$, $p = .008$), which indicated, compared to other conditions, denouncing schadenfreude comments suppressed the negative effect of observers' sympathy on purchase intent. In contrast, the path from observers'

sympathy and the agree reply interaction on observers' purchase intention was not significant ($\beta = -.12$, $SE = .13$, $t = -1.01$, $p = .31$), which indicated the agree reply did not suppress the negative effect of observers' sympathy on purchase intent. Conditional effects also showed the negative effect of observers' sympathy on purchase intent was attenuated in the denounce condition ($\beta = .06$, $SE = .09$, $t = .64$, $p = .52$) to support H3a. Yet, the negative effect of observers' sympathy on purchase intent in the agree reply condition was marginally significant ($\beta = -.17$, $SE = .09$, $t = -1.95$, $p < .10$). The negative effect was barely attenuated and remained more negative compared to the denounce reply condition to support H3b. Lastly, the negative effect of observers' sympathy on purchase intent remained significant in the passively ignore reply condition ($\beta = -.29$, $SE = .09$, $t = -3.19$, $p = .002$) to support H3c. Figure 5 depicts the conditional paths.

=== Insert Figure 5 about here ===

Discussion

Study 3 differed from Study 2 by including firm replies to C2C dialogue. As hypothesized, observers expect a firm to reprimand comments that include schadenfreude from one customer to another. A denouncing reply completely nullified the negative effect of observers' sympathy on observers' purchase intent, but a reply failing to reprimand resulted in observers penalizing the company with lower purchase intent. The effect of observers' sympathy on observers' purchase intent was marginally significant and negative in the 'agree' reply condition, as well as significant and negative in the 'passively ignore' reply condition. The findings show how a firm responds to these C2C exchanges affects virtually-present observers. In addition to how a firm replies, the results were similar to Study 2 by showing the problematic effect of C2C schadenfreude on observers' sympathy and purchase intent. The backlash effect hypothesized for observers of a loyal customer's schadenfreude reply was present in Study 3

similar to Study 2. Observers elicited a stronger degree of the moral emotion of sympathy when viewing a loyal customer's schadenfreude reply, yet this sympathetic effect was less pronounced when viewing a troll's schadenfreude reply.

General Discussion

Complaints on firms' social media are a metaphorical perfect storm creating unintended consequences. A complainer criticizes a firm, another customer confronts a complainer, a mass of virtually-present observers watch the exchange, and this occurs in the presence of the firm, which may not know how to handle these elements. Our work provides empirical evidence addressing these sociotechnical aspects of online service recovery. The results show observers of C2C schadenfreude is influential. When a customer posts a complaint to a firm seeking assistance, the schadenfreude emerging from another's response is an environmental stimulus within a digital service environment. A victim of another's schadenfreude triggers sympathy in observers, in particular, when the malicious joy comes from a loyal customer rather than a troll. Observers' sympathy is an emotional conduit that affects their purchase intent. A firm's response can lessen sympathy's harmful effect on purchase intent if the response denounces the C2C commentary. The following implications are derived from the proposed conceptualization.

Theoretical Implications

The first theoretical implication introduces two unique C2C emotions to digital and service recovery research: C2C schadenfreude and C2C sympathy. We show how these emotions influence virtually-present observers on firms' social media. One customer's message responded to by another customer with comments perceived by observers to include schadenfreude is

highly relevant in today's digital landscape. To our knowledge, schadenfreude studies in marketing, psychology, and organizational management have not examined a third-party's perception of another's schadenfreude. This is an important implication for schadenfreude research and works examining third-party observer effects. Underlying theoretical support from workplace affective events theory and the social servicescapes framework propose C2C exchanges can operate as environmental stimuli affecting observers. Consistent with this, our findings illustrate another person's schadenfreude is an emotional cue that produces observers' emotional reactions, which can ultimately affect a firm.

Observers' sympathy is not a widely studied construct in marketing or service recovery, yet it is a common emotional reaction due to the amount of rude dialogue online. We call attention to observers' sympathetic reactions as a morality-related concept present in digital service recovery. Marketers have not studied this form of C2C sympathy despite examining morality-related concepts (e.g., ethical practices, organizational justice, dysfunctional behavior) and moral emotions (empathy, anger, gratitude). Therefore, an implication here is C2C sympathy is a morality-related concept that has a place in marketing research. In particular, within the timely and growing domains where virtually-present observers are watching C2C dialogue: online complaining research, digital service recovery research, and online incivility research.

Another theoretical implication is expanding online incivility theory from employee to customer emotional cues. Offline customer observers of an uncivil employee form negative emotional responses from employee incivility (Okan and Elmadag 2020; Porath, MacInnis, and Folkes 2010). In particular, Porath, MacInnis, and Folkes (2010) show customer observers form the negative emotion of anger, which reduces observers' future purchase intent. The findings expand on this theoretical area by showing an other-customer stimulus in online settings (i.e., a

third-party customer joining in with another customer's service experience). The other-customer, online stimulus provides emotional cues that affect observers' future actions with a firm. The unique emotion of customer sympathy arises from an other-customer stimulus in this research. Thus, the authors introduce a different actor as the stimulus and different emotional response by observers in an online venue to incivility theory. Online incivility research is growing (e.g., Batista et al. 2022; Béal, Grégoire, and Carrillat 2023; Golf-Papez and Veer 2022; Labrecque et al. 2022; Wolter, Bacile, and Xu 2023) and expanding incivility theory aids future explorations.

A final theoretical implication is extending backlash theory to marketing. Consistent with stereotype theory's grounds that people form impressions of others from environmental cues, our work links this premise to backlash theory's counter-stereotypical behavior principle. As far as we know, no prior offline or digital marketing research has adapted this theory. Relatedly, we apply the theory by using different persona cues rather than message cues (Labrecque et al. 2022) to show the impact of stereotype perceptions of trolls versus loyal customers. Backlash theory is thus extended by showing a backlash effect toward a firm due to customer stereotypes if observers' perceptions of customer behavior is inconsistent to how one should behave. The theory had not considered customer roles prior, yet our work shows it is viable in marketing. This is a useful theory to explain judgments and future actions of one consumer observing another consumer who can be stereotyped (i.e., placed in a category), which implies backlash theory is applicable to other areas, such brand communities, customer-company brand relationships, and public service environments shared by consumers with different status levels.

Managerial Implications

An important managerial implication is the negative effect of an online persona perceived to be a loyal customer. Firms know the benefits of loyal customer advocates defending a brand,

specifically, during social media service recovery (Hutzinger and Weitzl 2021). In contrast to the positive aspects, the findings reveal that loyal customers are more harmful than anonymous trolls in the context of C2C schadenfreude. To date, most studies examining social media advocacy by loyal customers have shown their positive influence. The belief is loyal customers with status on a platform, such as in branded social networks and communities, enhance consumer engagement, the co-creation of content and experiences, and have links to brand identification and loyalty (Bowden and Mirzaei 2021; Wilk, Soutar, and Harrigan 2021). The results show comments from a loyal customer intensifies observers' sympathy, which lowers observers' purchase intent. Thus, a key implication for managers is loyal customers also have a dark side that undermines their otherwise positive impact on brands' social media channels. Companies should be selective when giving badges or status titles that signal a customer is a brand ambassador. Managers can use human intelligence or artificial intelligence (AI) to monitor comments. For example, thousands of companies are using AI-based tools such as Audisense, Hootsuite, and Brandwatch for social listening, tracking what specific customers post, and tailoring responses. Our findings suggest that the use of AI with sentiment analysis and natural language processing would enable a firm to flag and/or respond to a loyal customer communicating in an adverse manner.

Relatedly, another managerial implication is an opportunity for academic research to lead industry practice. The present research compares different types of brand replies to C2C rude exchanges. In practice, many firms passively ignore C2C incivility and rarely denounce it. In some cases, firms may agree with one customer's snarky or sarcastic response to another customer. While such a response may align with the image of some brands, the findings suggest a denouncing response strategy is optimal for the largest stakeholder group: virtually-present observers. Service managers have been here before with offline customer compatibility

management strategies that require employees to interject and denounce C2C behavior when needed (Pranter and Martin 1991). This offline strategy has not transcended widely to online service environments. Based on the evidence, the authors recommend brands reevaluate social media practices of passively ignoring or agreeing with C2C comments that exhibit malicious joy.

Another managerial implication is the extended reach associated with commentary that includes schadenfreude. Many customers view such commentary as negative content. Consumers have a negativity bias (Herr, Kardes, and Kim 1991), and engage more with negative content. It is more important, then, to denounce such comments because reach is on a larger scale online. Therefore, companies should prioritize addressing C2C comments featuring schadenfreude, as the potential reach of such comments on brand perception and consumer behavior are substantial. As previously mentioned, Study 1's findings show most companies passively ignore C2C commentary, which means managers need to reconsider response strategies based on the results.

Lastly, the authors show observers have sympathetic reactions to social media service recovery dialogue, which implies it is possible for the firm to be the cause of observers' sympathy for a complainer. To explain, the fundamental basis of the proposed framework is observers eliciting sympathy for a complainer when an interlocutor responds in an unfavorable manner, with this effect strengthened when the responder is a representative of the brand. This fundamental basis implies a *company* (or its employee) as the respondent may cause observers to elicit sympathy if the company's response is sub-optimal. Not much is known about sympathy in service recovery, yet other negative emotions (e.g., customer anger) occur after a poor recovery. More works need to study sympathy, but this implies it is a negative emotion with broad reach.

Limitations and Future Research Opportunities

The first limitation is the use of hypothetical scenarios with fictitious companies. This is common in service failure and recovery works to avoid ethical risks for firms, yet future work can assess actual brands with loyal customers. Actual brands also allow for possible moderating effects such as corporate or brand image. To this point, future work can examine if brands with edgy reputations may benefit from a response strategy other than denouncing C2C interactions. Another limitation of experimental scenarios is the need to control several factors, such as using stimuli with only one social media conversation thread rather than reading multiple threads. Only one conversation may introduce under- or over-inflated relationships in the data. Another limitation is acknowledging that different social networks use different types of digital cues or badges to represent loyal customers or status, meaning different cues may produce different results. To this point, future work can study message text cues that signify a troll versus loyal customer, which would build off our work of persona cues. Different social networks tend to attract different types of users, such as older consumers using Facebook versus younger users using SnapChat. Observers with certain demographic or psychographic traits may have distinct reactions to C2C misbehavior on different social media platforms, thus the results may not generalize to all social networks or all consumers. Future work should also examine more industries for generalizability. Lastly, the scope is limited to C2C interactions on brands' social media channels, but not C2C interactions on review platforms (e.g., Yelp, TripAdvisor, etc.).

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Table 1. Observer-related research in social media serviced recovery

Authors	Summary of Observer-Related Findings	Observing B2C or C2C Interactions	Focal Theory	Assesses Message Content or Multiple Customer Personas	Key Variables Examined
Dineva and Daunt (2023)	Observers of C2C conflict form negative emotions from intra-, inter-, and outer-group C2C uncivil exchanges.	C2C	Social identity theory	Message	Emotional responses, online engagement, brand attitude, brand trust, WOM
Béal, Grégoire, and Carrillat (2023)	Observers' have favorable perceptions when a firm responds with humor to an uncivil complainer. Accommodative replies lead to favorable perceptions if the complainer is civil.	B2C	Benign violation theory	Message	Company humor, purchase intent, online engagement actions (e.g., likes, shares)
Béal and Grégoire (2022)	Observers' have favorable or unfavorable reactions depending on if a firm responds to a complainer with affiliative humor, aggressive humor, or an accommodative response. Effects vary based on brand personality (e.g., exciting versus sincere brand).	B2C	Benign violation theory	Message	Company humor, brand personality, humor appreciation, negative motives, purchase intent, online engagement
Armstrong, Kulczynski, and Brennan (2022)	Observers of supportive (non-supportive) comments made to a complainer by other customers can increase (decrease) observers' likelihood to complain on a public (private) social media channel. A firm intervening in a non-supportive C2C comment can improve observers' complaint likelihood.	B2C & C2C	Social exchange theory	Message	Customer comments, social risk, accommodativeness, non- and observable-complaint behavior
Bacile (2024)	Observers' perceptions of failure severity and recovery expectations are based on a complainer's linguistics used to communicate their complaint to a firm.	B2C	Social exchange theory	Message	Complaint linguistics, satisfaction, recovery expectation, failure severity
Huang and Ha (2022)	Observers' tone perceptions (e.g., civil/uncivil) of a customer's reply to a complainer triggers C2C justice evaluations, which	C2C	Justice theory	Message	Satisfaction with complaint handling

	intensify if an observer is closer in their perceived psychological distance to the failure experience.				
Labrecque et al. (2022)	Observers use message cues to assess if posts are likely to be trolling versus complaining messages. Depending on message type, perceived justification affects intent.	B2C	Justice theory	Message	Engagement intent
Golmohammadi et al. (2021)	Observers are prone to a complaint-publicizing effect of greater complaint exposure when a firm responds repeatedly in social media complaint threads.	B2C	Online primacy effect	Message	Perceived quality, firm value, future complaining behavior
Hutzinger and Weitzl (2021)	Observers with varying degrees of susceptibility to normative influences form different perceptions of doubting, trivializing, or vouching responses from other customers to a complainer.	B2C & C2C	Social impact theory	Message	Brand attitude, complaint credibility, problem severity
Ku, Shang, and Fu (2021)	Observers' complaint handling perceptions vary based on their independent or interdependent self-construal.	B2C	Social learning theory	Message	Perceived trust
Sharma, Jain, and Behl (2020)	Observers of another's failure are affected by unethical service transgressions by a service provider.	B2C	Moral identity theory	Message	Brand avoidance, distrust, negative WOM intent
Huang and Ha (2020)	Observers' reactions vary based on a firm's warmth-oriented defensive response (e.g., friendly) versus a competence-oriented defensive response (e.g., product knowledge). Observers' relationship orientation operates as a boundary condition.	B2C	Accessibility diagnosticity model	Message	Defensive response tone, C2C justice, relationship orientation, satisfaction with service recovery
Javornik, Filieri, and Gumann (2020)	Observers' complaint handling perceptions are based on cues within a firm's conversational human voice and length of reply.	B2C	Justice theory	Message	Satisfaction with complaint handling corporate image

Hogreve, Bilstein, and Hoerner (2019)	Observers who view successful transparent recovery produce favorable outcomes for firms, yet unsuccessful transparent recovery produces negative outcomes.	B2C	Signaling theory	Message	Recovery transparency, perceived quality, trust, WOM intent
Johnen and Schnittka (2019)	Observers assess accommodative versus defensive service provider responses to a complainer differently, depending on observers' hedonic versus utilitarian benefits sought. Boundary conditions also include complaint detail and brand communication style.	B2C	Signaling theory	Message	Firm's accommodative versus defensive response, communication style, observers' benefits sought, purchase intent
Herhausen et al. (2019)	Observers are vulnerable to negative WOM by reading other customers' complaints and brand responses. Regulation strategies by a brand can reduce the virality and susceptibility of negative emotions.	B2C	Cognitive appraisal theory	Message	Firm's empathetic response and explanatory response, brand reputation, arousal intensity, message virality
Bacile et al. (2018)	Observers assess organizational justice and C2C justice due to C2C incivility and a firm's response. Observers exhibit third-party justice effects when watching C2C and B2C interactions.	B2C & C2C	Fairness theory	Message	Organizational justice, C2C interactional justice
Weitzl and Hutzinger (2017)	Observers form (un)favorable perceptions based on response types (e.g., accommodative, defensive) coming from different credible sources (e.g., from a firm or customer advocate).	B2C & C2C	Social learning theory	Message	Response content, tone, attitude, trust, word-of-mouth, purchasing risk
Schaefers and Schamari (2016)	Observers are virtually-present others who watch/ participate in online service recovery. Other customers involved in recoveries may lead to more negative outcomes for a firm.	B2C & C2C	Social influence theory	Message	Brand attitude, satisfaction with complaint, purchase intent
This research	Observers of C2C messages that have stronger versus weaker schadenfreude elicit sympathy, which affects observer purchase intent. Key moderators: persona of the interjecting customer (i.e., troll versus loyal customer) and how a firm responds.	B2C & C2C	Backlash theory	Message and Personae	Perceived schadenfreude, sympathy, purchase intent

Note: The above referenced works relate to observer research in online service recovery contexts. There are other works that examine observers in non-service recovery contexts. Interested readers may want to consult Abell and Biswas (2023), Dineva et al. (2020), Penttinen et al. (2022), and Shmargad and Watts (2016).

Table 2. Descriptive statistics for items used in Study 2 and Study 3

Construct	Items	Study 2 Descriptives:		Study 3 Descriptives:	
		Mean	SD	Mean	SD
Observer sympathy (Gruen and Mendelsohn 1986)	Pre-stimuli sympathy items: 1: At this moment I feel sympathetic for someone else 2: At this moment I feel sorry for someone else	Item 1: 4.65	1.79	Item 1: 4.73	1.74
	Post-stimuli sympathy items: 1: At this moment I feel sympathetic for someone else 2: At this moment I feel sorry for someone else 3: How much sympathy did you feel toward the complaining customer to whom the reply was directed?	Item 2: 4.38	1.85	Item 2: 4.44	1.79
Observer purchase intent (Sundar and Kalyanaraman 2004)	Imagine this diner is similar to one near you that you have purchased food from before: 1: If you were to go to a diner in the future, how likely are you to try the Diner on the 5th? 2: If you want to get a cup of coffee, how likely are you to buy it from the Diner on the 5th? 3: How likely are you to go to the Diner on the 5th?	Scale: 4.51	1.70	Scale: 4.58	1.65
		Item 3: 4.98	1.71	Item 3: 4.93	1.80
Observer purchase intent (Voorhees, Brady, and Horowitz 2006)	Imagine this restaurant is similar to one near you that you have purchased food from before: 1: I would purchase food from this restaurant 2: I would buy a meal 3: I would likely visit this restaurant	AVE: .68	CR: .81	AVE: .75	CR: .86
		Item 1: 3.03	1.82	Item 1: 2.94	1.76
Observer perceived schadenfreude (Dasborough and Harvey 2017)	1: I think the person feels amused by their response 2: I think the person feels pleased by their response 3: When in private, I think they would not be able to resist a little smile based on their response 4: I think the person feels happy by their response	Item 2: 3.27	1.93	Item 2: 3.04	1.85
		Item 3: 3.17	1.90	Item 3: 3.00	1.85
		Scale: 3.15	1.78	Scale: 2.99	1.75
		AVE: .83	CR: .94	AVE: .89	CR: .96
		Scale not used in Study 2		Item 4: 5.10	1.68
		Scale not used in Study 2		Scale: 5.21	1.41
				AVE: .66	CR: .88

Table 3. Model coefficients for Study 2

Main and Interaction Effects				
	Observers' Sympathy		Observers' Purchase Intention	
Predictors	β (SE)	t (p)	β (SE)	t (p)
Intercept	.21 (.08)	2.46 (.014)	3.22 (.11)	29.87 (< .001)
Schadenfreude (Low vs. High)	.47 (.17)	2.77 (.006)	.21 (.22)	.96 (= .338)
Online Persona (Troll vs. Loyal Customer)	-.01 (.17)	-.08 (.93)	-	-
Interaction	.82 (.34)	2.41 (.016)	-	-
Sympathy	-	-	-.29 (.07)	-3.78 (<.001)
Mediation Analysis (PROCESS Model 7)				
<i>Indirect Effect through Sympathy</i>				
<i>Online Persona</i>	β (SE)	Boot LLCI/ULCI		
<i>Troll</i>	-.023 (.07)	-.16/.09		
Loyal Customer	-.261 (.10)	-.49/-.08		
Index of Moderated Mediation	-.24 (.12)	-.49/-.04		

Note: 5,000 bootstrapping samples

Presented here are the mean centered regression coefficients from the bootstrapping analysis and their associated standard errors (SE), t-statistics and lower and upper levels for the confidence interval (ULCI/LLCI).

Figure 1. Research model

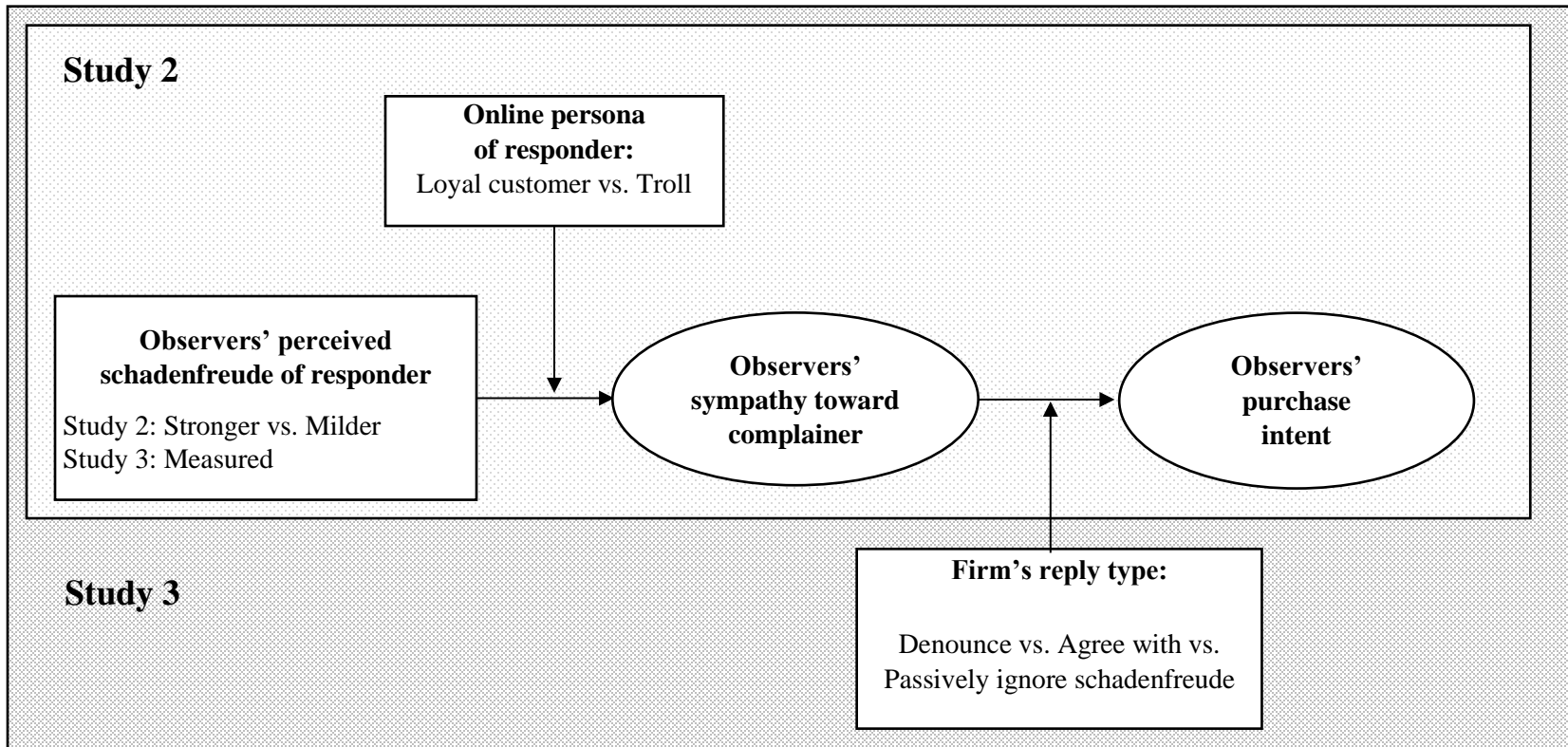



Figure 2. Study 2's stimuli

First, the complaint stimuli was viewed by all subjects:


**Taylor Richardson** ▶ **Diner on the 5th**
Today at 9:12am · 🌐
One of the worst experiences at the Diner on the 5th. I ordered 3 dozen donuts for my son's kindergarten class and they were moldy. Took a bite of one and it didn't taste right. Looked at the bottom and then saw the mold. My server did not care when I complained. He gave me an uninterested "sorry", looked at his watch, smiled and said I needed to wait 2 hours for more donuts to be ready. I understand he was busy with a morning rush, but this was a terrible experience.
Like Comment Share


Second, subjects were randomly shown one of these four responses from another person responding:

Online persona: Loyal customer


Online persona: Troll

Stronger
schadenfreude

**Alex Wilson** 🏆 Top Brand Fan 🏆
I sincerely enjoy writing this comment because you need some whiskey and a shrink! The server has a valid point. Everyone knows a diner is not at full service the minute it opens at 6:00 am. I want you to know that I am making fun of you here and laughing at your situation! I will run a crowdsource campaign to get you some mental help 🤪
Reply - Like

**Your Feet Stink** I sincerely enjoy writing this comment because you need some whiskey and a shrink! The server has a valid point. Everyone knows a diner is not at full service the minute it opens at 6:00 am. I want you to know that I am making fun of you here and laughing at your situation! I will run a crowdsource campaign to get you some mental help 🤪
Reply - Like

Milder
schadenfreude

**Alex Wilson** 🏆 Top Brand Fan 🏆
I sincerely do not like saying this, but I think you are in the wrong here. The server has a valid point. Everyone knows a diner is busy in the morning and cannot operate perfectly. I say this with the intent to be informative, but not to make fun of you and not to laugh at your situation 😊
Reply - Like


**Your Feet Stink** I sincerely do not like saying this, but I think you are in the wrong here. The server has a valid point. Everyone knows a diner is busy in the morning and cannot operate perfectly. I say this with the intent to be informative, but not to make fun of you and not to laugh at your situation 😊
Reply - Like

Figure 3. Study 2's interaction plot

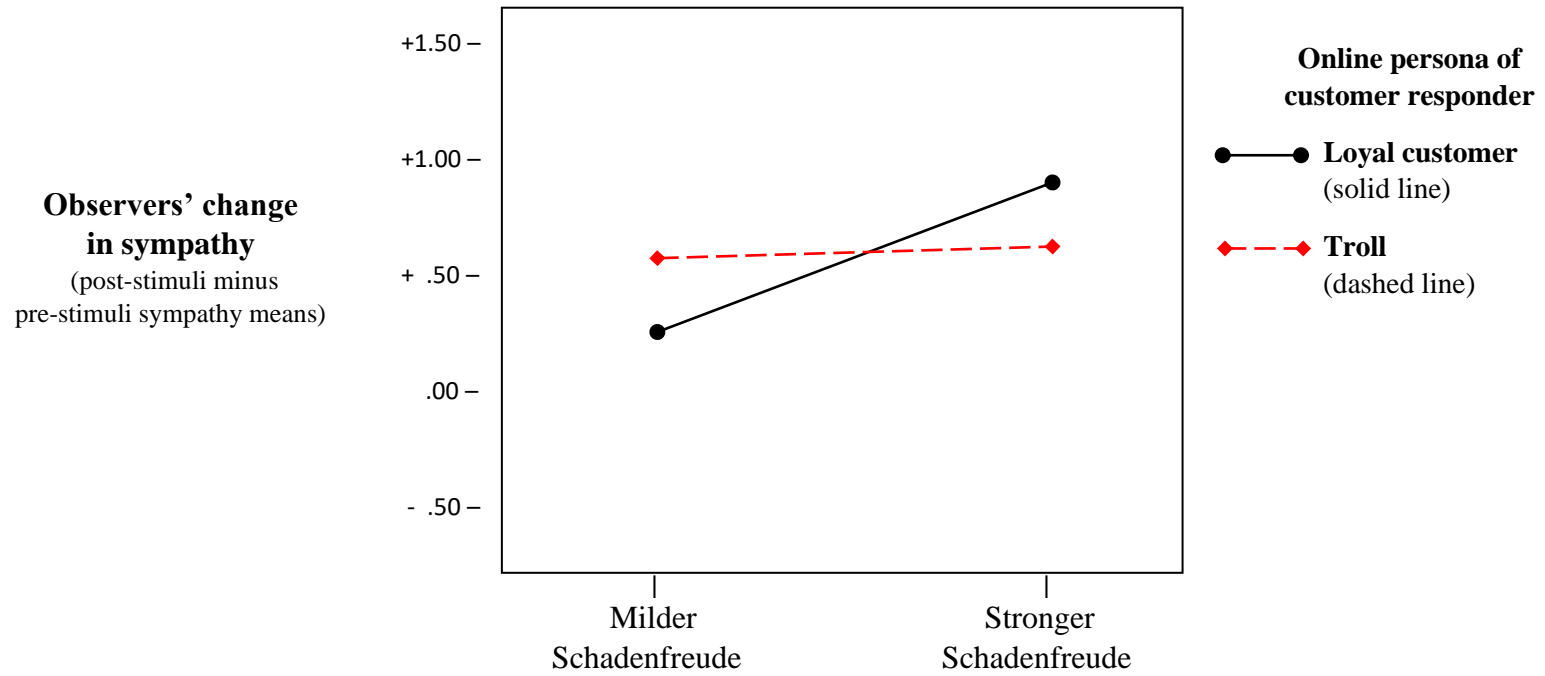


Figure 4. Stimuli used in Study 3

First, the complaint stimuli was viewed by all subjects:

Taylor Johnson ▸ **Whitaker's Fine Dining & Catering** ●
Today at 11:30am

Terrible experience at Whitaker's. I ordered the party-size platters of entrees for a graduation party and the food was terrible. It didn't look good when I picked it up, so I tried a bite and it did not taste right. I inspected the food and it had an odd "spoiled meat" smell to it. I voiced my concern to the employee at the register, but he smiled and said, "Sorry, that is the only food we have for catering right now." I told him the party with dozens of people would start in a few minutes. He offered a disinterested reply, "Well, we are busy... you can wait a couple hours and maybe we can put something else together." He then gave me a sarcastic smile, knowing that I probably would leave. The party was ruined. Who else can I speak to about this issue?

Like Comment Share

Second, one of the persona responses was viewed. A reply from the troll persona (top) or loyal customer persona (bottom):

I Am Always Cranky ^{NEW} New To Page ^{NEW}

It is my pleasure to reply because you need to be told to calm down and return to reality. Have a drink, a smoke, or whatever will calm you down! The employee was right. It is common knowledge that restaurants and catering services get busy. You have to wait for a large order re-do. If you don't want to wait then you should pout more to entertain us! In the meantime, let me begin an intervention for you and your need to seek professional help to deal with this horrendous situation 🤪

Reply - Like

Chris Williamson 🏆 Top Brand Fan 🏆

It is my pleasure to reply because you need to be told to calm down and return to reality. Have a drink, a smoke, or whatever will calm you down! The employee was right. It is common knowledge that restaurants and catering services get busy. You have to wait for a large order re-do. If you don't want to wait then you should pout more to entertain us! In the meantime, let me begin an intervention for you and your need to seek professional help to deal with this horrendous situation 🤪

Reply - Like

Third, one of the responses from the firm was viewed: denouncing (top), agreeing with (middle), or passively ignoring (bottom) the reply from the online persona.

Denouncing:

Whitaker's Fine Dining & Catering ● We are sorry for your poor experience today, Taylor. Please send a private message to discuss this further. And everyone please speak nicely to each other on our social media page. Nobody should make fun of the situation and we apologize to you, Taylor.

Reply - Like

Agreeing:

Whitaker's Fine Dining & Catering ● We are sorry for your poor experience today, Taylor. Please send a private message to discuss this further. However, the other commenter makes a good point. We get busy at times and may not be able to remake food quickly. Pickup earlier next time to avoid this happening again.

Reply - Like

Passively ignoring:

Whitaker's Fine Dining & Catering ● We are sorry for your poor experience today, Taylor. Please send a private message to discuss this further.

Reply - Like

Note: the font size on all stimuli was the same when viewed by subjects. Some images and text displayed here have been resized to fit within a single page for this figure.

Figure 5. Study 3's plot with linear fit lines of the firm's reply interacting with observers' sympathy

