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Cultural influences on expectations and evaluations of service quality in emerging markets

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Abstract

Purpose – The purpose of this paper is to explore cultural sources of variation on consumers' expectations and evaluations of service quality within local emerging markets.

Design/methodology/approach – The authors employ a multi-method approach. The multi-method research design utilizes: first, netnography to examine foreign consumers' blogs and online communities; second, interviews with local and foreign consumers to unveil critical incidents in service encounters; and third, an online survey of 139 foreign consumers living in Chile and 460 Chilean consumers to map differences in their expectations and evaluations of services.

Findings – A general analysis of local and foreign consumers living in an emerging market reveals that these two groups do not differ significantly in their expectations of service quality. The authors also find that differences in expectations and evaluations of service quality within a local emergent market are only partially explained by aggregating consumers according to their country or region of origin. Finally, the findings demonstrate that examining cultural differences at the individual level generates a better understanding of how cultural factors impact consumer expectations and evaluations of service quality within emerging markets.

Research limitations/implications – The research is limited to one emerging market (Chile) and focusses largely in one industry (banking). Further research should be conducted to examine the findings in other contexts, including developed markets, and to identify how other cultural differences (e.g. language mastery) within local markets may impact consumer expectations and evaluations of services.

Practical implications – Service companies operating in emerging markets should account for cultural differences when determining service standards and protocols. These differences may cut across the local-foreign divide and suggest that profiling foreign customers depending on their country of origin is not the most adequate approach for providing excellence in service and enjoying the benefits that follow.

Social implications – Foreign consumers living in a local market are frequently considered a homogeneous group distinct from local consumers, and are treated as such by public and private service providers. The study demonstrates that foreign consumers may be more or less similar to local consumers depending on their cultural values, and should not be considered as a uniform group.

Originality/value – The findings extend research on consumer expectations and evaluations of service quality to account for cultural diversity within local emerging markets. The authors demonstrate that a cluster-approach to examining consumer expectations and evaluations of service quality better accounts for variations due to cultural values within local markets.

Introduction

> The growth of emerging markets offers great opportunities to develop or discover new perspectives and practices in marketing, which may become valuable for the neglected and economically nonviable markets in advanced markets (Sheth, 2011, p. 166).

A steady stream of studies has developed in marketing that compares customers' service expectations and evaluations across local markets (e.g. Agarwal *et al.*, 2010; Armstrong, 2009; Chan *et al.*, 2009; Sharma *et al.*, 2009; Mattila, 1999). However, much less is known about how cultural differences within a local market may impact customers' service quality expectations and evaluations (Hopkins *et al.*, 2005). In particular, we do not know if such cultural differences would be present in emerging markets, which are considered relatively homogeneous, and that are early in the process of globalization (Sassen, 1998). This paper explores how cultural differences arising from immigration and exposure to global consumer culture impact consumer expectations and evaluations of service quality in the context of an emerging market.

Chile provides a fruitful context for this research. Chile was the first South American country to join the OECD and was recently rated the number eight emerging market economy in 2013 by Bloomberg with GDP growth expected to raise 24.2 percent by 2017. Even though Chile has fewer immigrants in total than Brazil, Argentina, and Venezuela, Chile's immigrant population has grown by 30.54 percent since 2000, an index larger than any other South American country (McDonald-Stewart, 2009). This rapid growth has two implications: first, companies operating in Chile are suddenly faced with a new segment of consumers – foreign consumers – whose expectations and evaluation criteria regarding service quality are largely unknown. Second, local Chilean consumers have become increasingly exposed to foreign cultural values and consumer practices. The influence of immigration is combined with other globalization forces that have increased cultural diversity in emerging markets, such as the entry of multinational companies, and consumer trends such as the popularity of international traveling and study abroad programs (OECD/The World Bank, 2010). Chile can be characterized as a fairly culturally homogeneous market that has recently started to experience cultural diversity and, as a consequence of this, greater consumer cosmopolitanism (Canon and Yaprak, 2002; Cleveland *et al.*, 2009).

Given the relevance of emerging markets to overall marketing research and practice (Sheth, 2011) and the evident opportunity to investigate cultural diversity within these markets, it is surprising that cultural diversity within emerging markets has received virtually no attention from a literature that has historically been observant of cultural influences: service research. Despite recent calls for service researchers to examine multicultural contexts (e.g. Poulis *et al.*, 2013; Poulis and Poulis, 2013) "the services marketing literature almost exclusively relies on an ethnic approach that is premised on an (often empirically invalid) high degree of intra-ethnic uniformity and sameness. [...]. Fragmented yet increasing indications though, showcase that interaction between different ethnic groups and diverse acculturation outcomes may render ethnic identity less relevant

for services firms resulting in heterogeneous consumption behaviors within ethnic groups" (Poulis *et al.*, 2013, p. 516). Indeed, with few exceptions, studies in the services marketing literature frequently define culture as a construct at the national level (Ladhari *et al.*, 2011) and do not inquire into relevant cultural variations within markets that could hold implications for our understanding of services marketing. Our study aims to address this relevant and timely need for research examining service issues in multicultural contexts through exploring the sources of cultural differences within a local emerging market, and their impact on consumer service quality expectations and evaluations.

Extant services marketing literature has found that individuals from different cultures have different expectations and evaluations of services (Smith and Reynolds, 2002; Donthu and Yoo, 1998; Laroche *et al.*, 2004). However, that research has been mostly conducted across multiple markets, not considering the plurality of cultures that coexist at the local market level. Although it is reasonable to expect that local and foreign consumers living in a local market will differ in their service quality expectations and evaluations, this has not been examined empirically. Current business practices in Chile demonstrate foreign consumers receiving equivalent promotional or communication messages as Chilean consumers (through mass marketing or untargeted appeals), suggesting that they are being largely ignored as a potential market segment or that companies do not perceive foreign consumers as significant enough to receive distinct marketing communications. However, it is unclear whether each of these groups of consumers (i.e. Chileans and foreigners living in Chile) will be uniform in their expectations and evaluations of services and respond similarly to marketing approaches. Finally, if differences are found between or within said groups of consumers, it is important to examine the sources of such differences in order to establish whether understandings of culture at the national or regional level are sufficient to account for variation in consumer expectations and evaluations of service quality within local emerging markets. Hence, we ask: do locals (Chilean) and foreign consumers living in Chile differ in their expectations and evaluations of service quality? If yes, do these differences relate mostly to consumers' country and/or region of origin, or to individual cultural values?

In order to answer these questions we conducted a multi-method study that combines online and offline qualitative data and results from a survey. In the following sections, we briefly review extant literature that examines cultural differences within countries and trace links to studies on consumers' service expectations and evaluations. We then describe our methodology, introduce our findings, and discuss them in light of current service research. We conclude with recommendations for future research, and note the implications of our findings to the literature on cultural variation in service quality assessments, and to service companies operating in increasingly culturally diverse emerging markets.

Literature review

Culture has been defined in multiple ways across disciplines (Baldwin *et al.*, 2006), yet customer service researchers largely rely on an understanding of culture as a national-level construct that differentiates consumers from different countries. Instead, we inquired into the available definitions of culture, and aligned our understanding with Banks (2010) and other social science scholars (e.g. Imrie, 2005), who define culture as the shared values, beliefs, symbols, and understandings that characterize a group of people and differentiate it from other groups – not necessarily at the country level.

Nevertheless, such an understanding of culture may still suggest homogeneity within groups. We note that it has long been known that cultural variation occurs within groups

normally referred to as a unique culture (Bricker, 1975; Weiler, 1983), and that our study acknowledges these so called "intra-cultural" differences (Shenkar, 2001, p. 525). Hence, even when we refer to a group (e.g. Chileans, foreigners), we do not mean to assume that each of these groups is internally homogeneous regarding their beliefs, values, symbols, and understandings. In other words, each group, as understood here, may contain variations of a culture at the sub-group, not individual level (Brewer and Venaik, 2014).

The impact of intra-cultural variation has been assessed on various aspects of marketing and management (e.g. Kozan and Ergin, 1999; Au, 1999; Li *et al.*, 2012; Beugelsdijk *et al.*, 2014). Literature on consumer expectations and evaluations of service quality, however, has few exemplars of studies that account for intra-cultural variation, mostly focussing on the overall impact of a culture on those expectations and evaluations.

For instance, in a review of empirical research using Hofstede's cultural values framework, Kirkman *et al.* (2006) highlight that prior research has shown that there is plenty of within-country variation on cultural values (Hofstede, 1980; Au, 1999). Even though Hofstede's (1980) widely referred to research on cultural differences between nations considered countries as homogeneous cultural units, other scholars have advanced that conceptualization and highlighted the importance of focussing on "differences within national borders" (Armstrong, 2009). Holden (2004), for instance, argues for the use of "clusters of affinity" when thinking of culture to examine marketing relationships and desires for products and services, rather than national aggregations and comparisons. This suggests that rather than making assumptions that all consumers within a country think and behave similarly, marketers should strongly consider the use of cluster analysis to identify within-country cultural variations. This is further supported by the evolving definition and nature of culture. With the rise of globalization, "culture is no longer a phenomenon defined by and isolated to a particular locale" (Craig and Douglas, 2005, p. 322), culture has become more permeable, is constantly changing, and is dependent on other factors besides simply country of origin (Yaprak, 2008).

It is well known, as Javalgi and White (2002) observe, that cultural elements significantly impact consumers' acceptation and adoption of services. Consumers perceive service quality in five dimensions: assurance, responsiveness, reliability, empathy, and tangibles (Parasuraman *et al.*, 1991). As affirmed by Imrie (2005, p. 370) culture not only instructs "consumer selection of service quality criterion, but also impacts upon the service experience through simultaneously constructing and filtering the consumers' perception of reality." Illustrating those influences, Smith and Reynolds (2002) summarize the influence of culture on consumers' expectations of service quality, reporting that low power distance leads to high expectations for responsiveness and reliability, whereas individualism is related to high expectations for empathy and assurance (Donthu and Yoo, 1998). Guesalaga and Pitta (2014) report that Chilean consumers assign a higher importance to reliability, compared to those from the USA, while the opposite holds for responsiveness; the relevance of tangibles, assurance and empathy do not vary significantly between consumers of these two countries. Similarly, Laroche *et al.* (2004) examine the influence of culture on consumers' evaluations of service quality and satisfaction in three different countries, and Liu *et al.* (2001) review the literature examining the relationship between culture and service quality evaluations and satisfaction and extend that research to examine cultural influences on consumers' behavioral intentions toward services. Kettinger *et al.* (1995) found that with high individualism, consumers were more willing to articulate their attitudes, whereas aggression or negative evaluations were associated with high

masculinity. Malhotra and colleagues (2005) argue that culture is particularly important to study in service research, given that service encounters are inherently social. While this stream of research has done much for our understanding of the influence of culture on service aspects and calls for more cross-country data (Malhotra *et al.*, 2005; Smith and Reynolds, 2002), none of these studies examine variations regarding consumer expectations and evaluations of service quality within countries or local markets.

A more useful approach for our goal of assessing the influence of cultural diversity on consumer expectations and evaluations of service quality within a local emergent market is that adopted by Laroche *et al.* (2005), who examined the individualism-collectivism variation within a country. The authors found that this variation explains differences in service expectations in local markets. They label intra-national groups "subcultures," which are defined as segments "of a larger society that shares a common set of cultural traits, and that identifies itself, and is identified by others as constituting a distinguishable category" (Laroche *et al.*, 2005, p. 282). Their findings showing differences in expectation formation at the sub-cultural level reinforce the importance of examining cultural differences at the local level. Yet, their study reduces culture to one cultural dimension (individualism-collectivism) among the five identified by Hofstede (1980, 1991) and commonly employed in marketing research. Malhotra *et al.* (2005) note that cultural differences may be amplified in developing (vs developed) economies; particularly, they note, service quality dimensions of assurance and tangibility might greatly differ. This may lead to a magnification of differences in expectations and evaluations within emerging markets, as consumers have more diverse or polarized needs.

In sum, current research suggests that an examination of cultural differences and their impact on expectations and evaluations of service quality within local emerging markets is important, but stops short of empirically examining the issue.

Methodology
To address this gap, we develop a multi-method study that examines how cultural diversity within a local emerging market influences local and foreign consumers' expectations and evaluations of service quality. This methodological approach is relevant and timely, given that multi-method research is still sparse in marketing (Harrison and Reilly, 2011), and could provide the literature on international service marketing with studies that achieve a deeper and broader understanding of the phenomena under consideration.

We conducted a netnography (Kozinets, 2010) of the online community of foreigners living in Chile; in-depth interviews with both Chilean and foreign individuals to understand their service experiences; and a survey with Chilean and foreign consumers (all of them living in Chile) to explore whether there were significant differences in service quality expectations and evaluations among consumers. Combining qualitative and quantitative research methods gave us different but complementary perspectives on how cultural aspects relate to service quality assessments in Chile, an emerging market.

The qualitative data we collected and analyzed helped us develop the survey instrument, and also supported the analysis of the results obtained through the survey. Data collected with these three methods were triangulated to support our findings regarding how consumers' culture relates to their differences in service quality expectations and evaluations, both at the country of origin and individual levels. We offer more details on the procedures for each method below.

Netnography
Netnography is a qualitative research method that adapts ethnographic research techniques from anthropology to study the online communities and cultures populated by consumers and marketers (Kozinets, 2002, 2010). For a period of 17 months (September 2012-January 2014), one of the authors engaged in participant observation of the online community of foreigners living in Chile. That coincided with the initial period of acculturation into Chilean culture for two of the authors: one American who moved to Chile in July 2012, and one Brazilian who moved to Chile in the same month, after having lived in Canada for five years. Participant observation consisted of reading, creating profiles, writing posts, and interacting with other foreign consumers who participate in online communities via online messages. The identified online community comprised of more than 20 different websites, including discussion boards, blogs, news sites, and groups on social networking platforms mostly in English, but also in Portuguese, and Spanish (see Table I).

Notes were taken and insights from fieldwork were discussed with the other authors on an ongoing basis. The final data set generated by this method consists of 298 single-spaced pages of data (including text, hyperlinks, and photos) downloaded from the online community. Data were coded for emergent themes with the assistance of the software Dedoose. After iterative readings and discussions among the authors, themes relevant to the understanding of cultural diversity within local emergent markets were identified in the netnographic data. This data provides some evidence of how several foreign consumers, from different countries, living in Chile, perceive Chilean services and potential explanations for differences in expectations and evaluations. Emergent themes were combined and contrasted with data collected through face-to-face interviews with local and foreign consumers, which we describe below.

In-depth interviews
To complement findings from the netnography, we conducted twelve face-to-face in-depth interviews with Chilean and foreign consumers from various countries (Brazil, Canada, USA, China, South Korea, and France) currently living in Chile. Interviews were conducted after a preliminary analysis of the netnographic data revealed that intercultural differences were particularly discussed in the context of banking services. We developed a semi-structured interview protocol based on the analysis of the netnographic data and the literature review. Interviewees ranged in age from 20-42 and had spent anywhere from six months to seven years living in Chile at the time they were interviewed. Interviews were conducted in English, Spanish, or Portuguese, as directed by the interviewee, and all interviews were voice recorded and transcribed.

Each interview had two stages. First, we applied a critical incident technique, which is commonly used to analyze service encounters (Gremler, 2004). This technique facilitates the investigation of significant occurrences identified by the respondent, which may be either positive or negative, and have cognitive, affective, and behavioral elements and consequences (Bitner *et al.*, 1990; Chell, 1998; Grove and Fisk, 1997). We asked each participant to recall a very good service experience and provide all the details of that experience. We then asked participants to explain why that was a very good experience, so we could better understand how specific aspects of the service experience (e.g. how the individual was treated, how timely he/she got a solution to a problem, how accurately the service was delivered, etc.) relate to the

Data source	Link	Type	Language	Pages
Internations – Santiago Forum	www.internations.org/forum/local	Discussion board	English	40
Don't call me gringa	www.emilyinchile.com	Blog	English	87
Crooked Compass	http://florycalavera.blogspot.com	Blog	English	23
Cachando Chile	http://cachandochile.wordpress.com	Blog	English	45
Musings from inside	http://claresays.wordpress.com	Blog	English	5
Abby's line	http://abbyline.blogspot.com	Blog	English	20
Andre in Chile	http://andreinchile.com	Blog	English	10
My two cents/ I love Chile	http://ilovechile.cl/category/feature-story/two-cents	Website/blog	English	9
All Chile	www.allchile.net	Discussion board	English	49
Expat Women – Chile	www.expatwomen.com/expat-women-countries/expat-women-living-in-chile.php	Website	English	4
Expats in Chile	http://chileconnection.ning.com	Social networking platform	English	32
Chile Gringos	http://groups.yahoo.com/group/chilegringos	Mailing list	English	17
Así és vivir en Chile	http://diario.latercera.com/2011/08/20/01/contenido/tendencias/26-80718-9-asi-es-vivir-en-chile-segun-las-blogueras-extranjeras.shtml	Online news	English	3
Life in Chile	www.kylehepp.com/category/life-in-chile	Blog	English	42
Notes from underneath	http://chileangringa.com	Blog	English	37
Morando no Chile	http://kultrunchile.blogspot.com	Blog	Portuguese	11
Nosso Chile Meu	http://nossochilemeu.wordpress.com	Blog	Portuguese	14
Diário do Chile	http://diariodochile.blogspot.com	Blog	Portuguese	22
Entrevistando Expatriados	http://expatriados.wordpress.com/category/america-latina/chile	Interview blog	Portuguese	12
Brasileiros no Chile	http://brazucasnomundo.com.br/chile	Network of blogs	Portuguese	5
Das montanhas	http://brachilena.blogspot.com/	Blog	Portuguese	11
I love Chile	www.ilovechile.cl	Website/blog	English	9
Bay essence	www.bayessence.com/2012/09/top-10-perks-of-living-in-chile.html	Blog	English	10
Total				517

Table I.
Data sources for
the netnography

evaluation of the particular service experience. Similarly, the interviewee was then asked to think of a very bad service experience and to explain the reasons why it was considered bad.

The purpose of the second stage of the interview was to understand the value that individuals assign to different dimensions of service quality. To this end, we asked participants to rank the five dimensions of service quality (each one written and briefly explained on a card) developed by Parasuraman *et al.* (1991), based on the importance they assign to each one, when thinking of banking services. Next, we asked

participants to explain why they ranked the cards accordingly. The SERVQUAL dimensions (Parasuraman *et al.*, 1991), were as follows:

- tangibles: appearance of physical facilities, equipment, personnel, and communication materials;

- reliability: ability to perform the promised service dependably and accurately;

- responsiveness: willingness to help customers and provide prompt service;

- assurance: knowledge and courtesy of employees and their ability to inspire trust and confidence; and

- empathy: caring, individualized attention the firm provides its customers.

We chose banking services as the context for this section of the interviews (and to the survey conducted later) because the netnographic data demonstrates that Chilean banking is one of the services foreign consumers most discuss in online communities and blogs. Moreover, banking services usually involve direct customer contact (i.e. face-to-face interactions), and as noted by Clark and Rajaratnam (1999), cultural effects are more noticeable in service contexts that involve direct interaction between customer and service providers. While some banking services may be done remotely through the ATM ($M = 4.06$), phone ($M = 2.12$), or website ($M = 4.69$), many banking services in Chile require face-to-face interaction which might not be the case in more developed economies (e.g. depositing checks, some wire transfers, adding a new account for an existing customer). Our survey sample reports a mean of 2.33 on frequency of in-person branch visits on a scale of 1 (never) to 5 (very frequently). In the authors' experience, this translates to a monthly visit to the bank.

Transcriptions of the in-depth interviews were reviewed and discussed among the authors. The final interview data set consists of 111 single-spaced pages of text. Data were coded for emergent themes with the assistance of the software Dedoose. After iterative readings and discussions among the authors, themes relevant to the understanding of cultural diversity within local emergent markets were identified in the interview data. This data provides further evidence of how foreign consumers living in Chile perceive Chilean services, how Chileans perceive Chilean services, and potential explanations for differences in expectations and evaluations of service quality between these groups. This approach to interviewing provided us with relevant material to build upon for extending our research through a survey of Chilean and foreign consumers living in Chile, which we describe below.

Survey
We extended our research to explore quantitatively whether differences in service quality expectations and evaluations relate to cultural differences within a local emerging market. We surveyed Chileans and foreigners who live in Chile regarding their expectations and evaluations of service quality with respect to their main financial bank (as customers), variables related to culture, bank experience and usage, country of origin, and demographics. We focussed the survey on banking services, an industry that was most frequently mentioned in the netnography and in-depth interviews, has been widely studied by service researchers, and provides a context with ample comparative literature. Banking services are widely available in Chile and represent an important economic sector for the country.

Sample. The sample is comprised of three sources: panel data, student data, and responses to social media postings for a total of 599 participants. The panel contained alumni e-mails from a private university in Chile. In total, 1,635 e-mails were included in the panel, of which 30 failed to send, for a total of 1,605 e-mails sent. Panel participants were contacted on three separate occasions. In total, 433 panel members started the survey (27 percent response rate), of which 272 completed the survey (63 percent completion rate; 17 percent of panel completed the survey). The remaining surveys were collected using a small student sample ($N = 120$) and through social media postings ($N = 207$) to attract foreign participants. Social media postings were advertised through sites frequented by foreign individuals living in Chile. The final sample included 460 Chileans (76.8 percent) and 139 foreigners (23.2 percent). The age of participants ranged from 18 to 76, with a mean of 34.6; 46.7 percent were male and 53.3 percent were female. More than 80 percent of respondents had either a college/university degree or a post-graduate (Master or higher) as their highest level of education, and more than 70 percent of participants earned at least US$2,000 per month, an ideal target market for banking services in Chile. Foreigners' mean response regarding time living in Chile was more than one year, but less than five, with 44 percent living in Chile for more than five years. The majority of foreigners in our sample have lived in Chile with sufficient time to acculturate, address language issues, adjust to cultural differences, and potentially adjust their service expectations and evaluations to the local context. Of the foreigners, 85 (61.1 percent) have lived in another country besides their country of origin and Chile, demonstrating multicultural experience.

Constructs and measures. To measure service quality expectations and evaluations, we use the SERVQUAL scale developed by Parasuraman *et al.* (1994), that has been widely cited and applied to various service industries, most notably the banking industry. This scale has also been tested for cross-cultural applications with satisfactory results (Imrie, 2005). We used the 22 items that capture the five dimensions of service quality expectations and evaluations (tangibles, reliability, responsiveness, assurance, and empathy).

To assess the cultural characteristics of participants, we use the CVSCALE (Donthu and Yoo, 1998; Yoo *et al.*, 2011), focussing on the four dimensions most commonly employed in service research and as administered by Schumann *et al.* (2010): power distance, uncertainty avoidance, collectivism, and masculinity. By doing this, we overcome some of the limitations identified in the literature of assuming Hofstede's nation scores in each dimension as representing any individual from a certain country. The CVSCALE has been tested cross-culturally and has reliable and valid psychometric properties (Schumann *et al.*, 2010). All items were measured using seven-point Likert scales (1 = strongly disagree to 7 = strong agree).

We also collected customer information (banking experience, number of products, channel usage), demographic data (gender, age, education, income, nationality), and other aspects related to participants' international experience (foreigners' time in Chile, and Chileans' experience living abroad). The questionnaire was pretested in all three languages and reviewed for consistency across languages. This data provides further evidence of how the assessments of service quality made by foreign consumers living in Chile compare to Chileans' assessments of Chilean services.

We analyzed service quality expectations and evaluations from two perspectives: by country and region, and by individual cultural values. The first perspective was developed to align our study with the services marketing literature that considers

culture at the national or regional level, allowing us to compare our findings with prior research. The second approach, based on clustering all consumers according to their individual scores on Hofstede's cultural dimensions scale, allows for the possibility of intra-cultural variation, and will result, we expect, in a much better understanding of the role of cultural diversity in shaping service evaluations. We briefly describe each of these analyses below.

Analysis by country and region. We looked at possible differences in service expectations and evaluations between Chileans and foreigners, distinguishing within the latter group between other Latin (individuals whose country of origin is another Latin American country, including Argentina, Brazil, Peru, Colombia, Venezuela, Ecuador, and El Salvador) and non-Latin (individuals whose country of origin is not a Latin American country, including the USA, UK, Canada, Germany, France, Switzerland, Netherlands, Sweden, Ireland, Australia, New Zealand, and Japan). This distinction was made to account for the expected higher similarity between Chile and other Latin American countries, due to their closeness in terms of geography, language, and culture (based on Hofstede's scores). We used ANOVA tests and contingency tables to evaluate these possible differences, and describe the three groups. Our sample permitted analysis at the country level for three countries (Chile, Brazil, and USA). We do not report these findings here, preferring instead to present an analysis that aggregates respondents by region. Theoretically, aggregating respondents by region allows us to explore an alternative to the country-level analysis commonly employed in cross-cultural assessments of SERVQUAL expectations and evaluations. Managerially, the scope of this analysis is relevant to better understand whether service companies should adapt their service protocols to foreign customers living in Chile, and whether they should distinguish between Latin and non-Latin foreign customers.

Analysis by individual cultural values. Using Hofstede's scheme for cultural characteristics, we clustered all customers (Chilean and foreigners) based on their individual scores in power distance, uncertainty avoidance, collectivism, and masculinity. We then compared the levels of expectations and evaluations of service quality dimensions among the groups. We used a *K*-means clustering approach to identify the segments, and then ANOVA tests and contingency tables to evaluate the possible differences among the clusters, and describe them in terms of the other variables. This scope of analysis complements the country-level analysis, to study how cultural values – accounted for at the individual, not at the national level – relate to expectations and evaluations of service quality.

Findings
In this section we provide the findings of our research integrating multi-method data in the following way: we report the results for the analysis of the survey data, and further develop these results into comprehensive findings by illustrating them with qualitative data collected through netnography and in-depth interviews.

Analysis by country and region
Table II shows the results for the ANOVA tests for the comparison of service quality dimensions among country/regional groups. We find that there are no significant differences in the expectations of service quality among the groups in reliability, responsiveness, assurance, and empathy. The only exception is the tangible dimension,

	Chilean	Other Latin	Non-Latin	Average	p-value
Service quality					
Expectations					
Tangibles	6.047	6.153	5.458	5.978	0.000
Reliability	6.755	6.715	6.803	6.758	0.462
Responsiveness	6.799	6.820	6.720	6.790	0.250
Assurance	6.822	6.786	6.716	6.805	0.156
Empathy	6.505	6.524	6.585	6.518	0.514
Evaluations					
Tangibles	5.450	5.029	5.123	5.365	0.001
Reliability	5.340	4.908	4.115	5.134	0.000
Responsiveness	5.279	4.625	3.985	5.042	0.000
Assurance	5.534	4.951	4.290	5.310	0.000
Empathy	5.024	4.461	3.676	4.789	0.000
Other variables					
Gender					0.249
Male (%)	48.5	44.1	38.8	46.7	
Female (%)	51.5	55.9	61.3	53.3	
Age					0.000
Mean age	33.47	35.39	40.53	34.60	
Bank experience					0.065
Mean experience	3.77	3.97	4.18	3.85	
Number of products					0.000
Mean number	3.72	2.58	2.84	3.49	
Channel usage					0.002
Mean usage	3.36	3.35	3.13	3.33	

Table II.
Comparison of
Chilean vs other
Latin vs non-Latin

with other Latins reporting higher expectations, followed by Chileans and the non-Latin group reporting lower expectations (with a p-value of 0.000). One possible explanation for this result is that our Chilean sample may not capture the disparity of needs that often characterize developing nations, because it includes more educated, wealthy individuals to maintain demographic homogeneity of the banking market.

Our qualitative data further supports this finding. With the exposure to international standards of service culture through having lived abroad, traveling, or interacting with international companies, the Chilean consumers we interviewed are close to foreign consumers in their assessments of the local service culture. In many cases, these consumers note, the Chilean service culture compares negatively to other Latin American countries, as illustrated in the quote as follows:

> The country I've visited most, Argentina […] there you can you take the whole store down and it is not a problem […] here [in Chile] I feel that one is bothering the salesperson, even if you just ask for help, you are already annoying, you can be a nuisance […] or if you ask for more things and want to return things, you're being trouble […] and then if you do that and do not buy anything, you get that look! If a look could kill, you could get killed in a Chilean store. In contrast, in Argentina, I have the impression that people do their job and if you bring the entire store down and not buy anything, and just politely say goodbye […] it is not an issue (Chilean, Interview, Male).

In contrast, in terms of evaluations, we find significant differences among the three groups for all five dimensions of service quality, with a dominating pattern where Chileans give the highest evaluations, followed by other Latin, and then non-Latin.

There are two possible explanations for these significant differences in evaluations such that Chileans evaluate services higher than foreigners. First, it is possible that foreigners may be treated differently (worse) than Chilean consumers in customer service interactions, perhaps pointing to issues of language, cultural differences, or other interpersonal biases from service providers. Stauss and Mang (1999) note that this can occur due to the service provider's behavior being different from the consumer's expected service script or because the consumer herself does not adhere to the normal consumer script and therefore is treated differently than a typical consumer. Notably, there is documented out-group bias against one of the more dominant foreign populations in Chile: Peruvian migrant workers (Staab and Maher, 2006) and an undocumented fear that educated immigrants may be perceived as taking jobs from Chileans. Another explanation could be that Chileans may be more forgiving of bad service than other Latin American consumers, who are, in turn, more forgiving than non-Latin American consumers. While closeness (between the offender and offendee in a negative interpersonal interaction) is typically an important predictor of forgiveness, this association is less robust in collectivist cultures (Karremans *et al.*, 2011). Since Chilean culture is considered very collectivist (Chile is ranked 23 in individualism, while Brazil is ranked 38, and the USA is ranked 90), this cultural difference and desire for social harmony may explain the Chileans willingness to forgive negative service encounters (Tse *et al.*, 1988; Triandis *et al.*, 1988). Findings from the qualitative interviews and netnographic research speak to both of these explanations. Chilean consumers appear more accepting of service failure than their foreign counterparts, as the narrative of another blogger illustrates:

> Canceling a concert, book launch or Balkan gypsy cumbia party at the last minute is just plain unprofessional. I'm not saying this kind of thing is universal in Chile. I've been to plenty of decently organized events here. Still, I've had enough not-so-decent experiences to call my attention. Something I've noticed is that, in these cases, I get incensed while nearly everyone else seems simply resigned. As open as I try to be, I guess there are just some things about Chile I'll never get used to (American, Blogger, Female).

Rationalizing their tolerance of service failure, Chilean consumers manifest concern with service employees and/or try to justify the lack of service quality reasoning that these employees face low wages/harassment/job dissatisfaction. For example, one interviewee reports:

> At this point, my husband was really upset, and could have bitten her (waitress), I think he would […] ahh […] but then, he still gave her a 10% tip, not because of good service, but because he knows their salaries are low, for consideration […] if you ask me, I would have given her a 5% tip, otherwise it's like rewarding the bad service […] (Chilean, Interview, Female).

It is interesting to note that even though the Chilean interviewee suggests tipping the waitress less than the usual 10 percent, she does not consider not tipping, even after experiencing bad service involving rudeness, cold dishes, and an overcharged bill. Other similar episodes were present in our qualitative data that may support this survey finding regarding differences in evaluations, but not in expectations among Chilean and foreign consumers.

With respect to customer-related variables, we find that Chileans have a greater number of bank products, including checking and savings accounts, credit cards, and insurance policies, among others ($p = 0.000$), and use the different channels (e.g. internet, ATM, physical branch) more frequently than the other two groups of

foreigners ($p = 0.002$). There is no significant difference in banking experience among the groups at the 95 percent confidence level ($p = 0.065$), although directionally the non-Latin group claims to have more banking experience. As our qualitative data indicate, these findings reflect the lack of access to certain products experienced by foreign consumers in Chile. Two of the authors' personal experiences attempting to hire banking services in Chile corroborate discussions found in several discussion forums for foreigners living in Chile, in which foreign consumers vent:

I'm similar to you […] 2 year investment visa, permanent residency being processed, functioning and profitable business, assets in the country […] and still the banks turn me away. I eventually got a checking account at BCI Nova last year which is a pretty crappy account but at the very least allows me to pay my bills online instead of wasting days queueing at Servipag [bill payment counter]! And I only got this account because a friend "introduced" me […] (M.R., Foreigner, Male, Online Post February 17, 2010).

I'm also appalled at the service (non-existent) given by the banks. They didn't allow me to open an investment account where I wanted to put all my money. How do they expect people to invest in Chile then? I kept my money overseas (P.Q., Foreigner, Male, Online Post, February 4, 2011).

Analysis by individual cultural values
Table III shows the cluster centroids for the *K*-means analysis, showing the levels of power distance, uncertainty avoidance, collectivism, and masculinity for each of the five resulting clusters. We found the five-cluster solution to be the most appropriate after evaluating the statistical criterion (namely, looking at the quotient between exterior average distance and interior average distance) as well as the relative sizes of the segments and their qualitative interpretation.

We expected certain Chilean and foreign consumers to be similar regarding cultural dimensions as measured at the individual level. As pointed out in prior service literature, interaction among groups and the various outcomes of acculturation (Poulis *et al.*, 2013; Luedicke, 2011) may explain why some foreigners maintain cultural values that are closer to those of their country of origin while others assimilate the values of their culture of residence, and yet others integrate cultural aspects from home and host culture as they acculturate. The fact that some Chilean consumers in our sample have lived abroad or been exposed to other cultural values through traveling or other means also helps understand the formation of clusters based on individual cultural values.

We find that both service quality expectations and evaluations differ significantly among cultural groups (all *p*-values are lower than 0.05), indicating that differences among consumers are overlooked in the country-level analysis. The clusters also vary in gender ($p = 0.020$) and nationality ($p = 0.000$; defined as Chileans, other Latin, and non-Latin), but they do not differ in terms of age ($p = 0.081$), banking experience ($p = 0.247$), number of products ($p = 0.208$), and channel usage ($p = 0.186$). Below we label and describe each cluster in terms of cultural dimensions, service quality expectations and evaluations, and demographics.

Cluster 1 – "Virtual Cosmopolitans". These consumers have the lowest level of uncertainty avoidance, low masculinity, lower than average power distance, and average collectivism. There is a slightly higher proportion of women in this cluster relative to the total sample, and a significantly lower portion of Chileans, with a higher portion of non-Latin than the total sample. This segment has the lowest expectations in all five SQ dimensions. This segment also has the lowest evaluations of tangibles and second lowest on reliability, responsiveness, assurance, and empathy.

	Cluster 1	Cluster 2	Cluster 3	Cluster 4	Cluster 5	Average	p-Value
Cluster analysis							
Size (%)	22.5	19.4	14.4	25.0	18.7		
Cluster centroids							
Power distance	−0.329	−0.336	−0.441	1.226	−0.559	0.000	
Uncertainty avoidance	−1.208	0.145	0.071	0.313	0.833	0.000	
Collectivism	0.047	0.421	−1.625	0.245	0.427	0.000	
Masculinity	−0.566	1.185	−0.397	0.373	−0.740	0.000	
Service quality							
Expectations							
Tangibles	5.612	6.126	5.817	6.157	6.152	5.978	0.000
Reliability	6.656	6.808	6.823	6.755	6.781	6.758	0.016
Responsiveness	6.664	6.854	6.823	6.795	6.845	6.790	0.001
Assurance	6.676	6.882	6.824	6.835	6.823	6.805	0.005
Empathy	6.385	6.615	6.524	6.522	6.567	6.518	0.021
Evaluations							
Tangibles	5.222	5.620	5.254	5.454	5.238	5.365	0.006
Reliability	4.984	5.297	4.763	5.387	5.091	5.134	0.003
Responsiveness	4.812	5.228	4.722	5.369	4.933	5.042	0.001
Assurance	5.036	5.517	4.913	5.601	5.343	5.310	0.000
Empathy	4.573	5.065	4.324	5.102	4.699	4.789	0.000
Other variables							
Gender							0.020
Male (%)	42.2	60.3	40.7	46.7	42.9	0.467	
Female (%)	57.8	39.7	59.3	53.3	57.1	0.533	
Age							0.081
Mean age	35.0	32.5	35.1	35.8	34.4	34.6	
Chileans vs foreigners							0.000
Chileans (%)	63.0	93.1	66.3	83.3	75.9	76.8	
Other Latin (%)	8.9	3.5	15.1	8.7	15.2	9.9	
Non-Latin (%)	28.2	3.5	18.6	8.0	8.9	13.4	
Bank experience							0.247
Mean experience	4.037	3.793	3.953	3.82	3.625	3.846	
Number of products							0.208
Mean number	3.319	3.638	3.558	3.66	3.268	3.491	
Channel usage							0.186
Mean usage	3.231	3.338	3.320	3.374	3.364	3.325	

Table III.
Comparison of
cultural clusters

As we learned from our qualitative data analysis, after having lived for some time in Chile, some foreigners tend to adjust their expectations regarding local customer service in Chile. After engaging with service providers in the local market, these foreign consumers develop a conceptualization of Chilean service culture as characterized by slow service and lack of professionalism. Most Chilean customers seem to be accustomed to this pattern of service, especially those who have not been exposed to different service patterns through traveling or living abroad. Foreign consumers living in Chile, on the other hand, socialize each other into Chilean service culture through online discussions regarding what to expect in the local market. These avenues for socialization could explain the low expectations manifested by consumers in Cluster 1.

Both Chilean and foreign consumers who hold low expectations of service quality express surprise when service performance deviates positively from the cultural

pattern they have taken for granted or resigned to. One foreign consumer living in Chile recounts such an episode:

> The man with the fridge called and said he would be there around 1:00 pm. This was perfect, because it was 11:30 and it gave me time to finish my shopping and get back to my apartment. I was back a bit early, which was perfect, because he arrived a bit early! Early! In Chile! I almost fainted from the shock […] I was done waiting before 1:00 pm when I had thought I would be there until 7:00 pm.

> After everyone had told me horror stories about deliveries that never arrived until you called and harassed the "customer service" representatives, or deliveries that arrived the next day and they wouldn't give them to you because you weren't there and the never called first, I was really happy that everything worked out (American, Blogger, Female).

Cluster 2 – "Tough Demanders". Consumers who congregate in this cluster have the highest level of masculinity, and score relatively higher than average in collectivism, and uncertainty avoidance, but lower than average in power distance. This cluster has a significantly higher portion of men and Chileans (relative to the whole sample). These consumers show slightly higher expectations in responsiveness, assurance, and empathy than the average respondent, which are aligned with their cultural values, and exhibit the higher than average evaluations on all five service quality dimensions. The excerpt below, from an interview with a male Chilean consumer, illustrates the experience of consumers in this cluster:

> The company is called [travel agency name] […] where they provide services to buy tickets with special benefits for employees of the company I work for. […] I went there to buy different tickets and they do not operate as a tourist office, they simply deliver what one asks. But sometimes one does not really know what he needs to get to the final destination, and that's when you ask for help. What happened to me is that they told me not to buy a particular ticket that I needed to buy. […] I had to come back at 4 pm again, and basically they offered no apology, it was like "ah yeah, ok, we will do it […]". So, seriously, it is as if they have no responsibility other than to give you what you demand. When you do not demand something, and just kindly ask for something or for help instead, they do not make themselves responsible, and don't even show much regret (Chilean, Interview, Male).

This consumer's account reveals his annoyance at having to "demand" the service quality he expects, while at the same time highlighting the higher masculinity values held by consumers in this cluster.

Cluster 3 – "Self-Confident Mavericks". These consumers show the lowest level of collectivism, low levels of power distance and masculinity, and average on uncertainty avoidance. They have a higher representation of women and foreigners relative to the whole sample. They show the highest expectations in reliability, and the lowest evaluations on reliability, responsiveness, assurance, and empathy. These findings support those reported by Donthu and Yoo (1998) regarding the influence of power distance and individualism on customer service expectations. The account below is representative of the expectations and evaluations of services manifested by such consumers:

> For all of the Chilean banking fans out there, here is my recent experience of trying to open a bank account with Banco Itaú in Copiapó […]. Firstly – previous experience, plus abundant commentary from forum members, had me pretty convinced that opening a bank account

would be almost impossible without having all of the right documents lined up and ready to go. After nearly a year here, I thought I was pretty much ready to go […] I visit the bank and go directly to an account executive. She speaks clearly and slowly so I can understand, and nods knowingly when I am speaking about what I am after – a positive start.

We discuss the fact that I need a RUT (Chilean ID) – tick, got one of those.

We discuss my residency status – I have a freshly received temporary resident visa.

We discuss my employment status – fully employed, earning a pretty reasonable wage. Good stuff, let's keep going […].

We discuss that my salary is paid into an Australian bank account and nothing is paid locally. Uh oh – major problem. I counter with the fact that I need to live here and will be transferring pretty reasonable amounts of money here on a monthly basis – how is that different to receiving a salary here? Uh, not interested, thanks […].

At this stage, she recommends I use the services of Santander (how's THAT for customer service – recommending a "competitor"!!!), because they have lower standards (or words to that effect) around opening an account.

[…] I try 'But my company uses this bank, and I really want to use Itaú […]' – I was perhaps getting a bit pathetic with this one. Oh, well, perhaps that is a bit different. If you can just send me all of your details, including the details of your employer, I'll see what we can do. I send off all of the requested information before the end of the day. I receive an e-mail the following day acknowledging receipt of my documents and a promise that enquiries are underway. Two weeks later, I send a reminder e-mail prompting about the status of her enquiries. One week later, no response.

Oh well, looks like I'm back to just being robbed by ATM's on a weekly/fortnightly basis, but I guess at least I know how much I'll be robbed! […] More bank-bashing, I know, but maybe useful for someone? (Ranayr, Foreigner, Male, Posted May 31, 2011).

As Ranayr's account of his attempt to open a bank account suggests, he prefers to pay hefty international ATM fees to obtain a service that meets his high expectations and to avoid the uncertainty associated with the unresponsive service offered by local providers. Notably, this consumer does not seem to think that another bank would provide a better service in the local market, reinforcing his low evaluations of local banking providers that were originally shaped by prior experiences and exchanges with other foreigner consumers living in Chile.

Cluster 4 – "Certainty Seekers". They have the highest power distance, and above average in masculinity, uncertainty avoidance, and collectivism. They have a greater portion of Chileans relative to the total sample. The following excerpts, from interviews with Chilean consumers, illustrate typical understandings of service expectations and quality among respondents aggregated in this cluster:

As I was saying, nowadays one needs fast answers. In general, we live in a world where things happen very fast, and we can't sit there waiting infinitely for answers. And also, I feel that reliability is as important as responsiveness because there are many institutions that cannot be trusted. So, for the same reason […] an institution's reliability is important because it is not all around, it is something a little scarce (Chilean, Female, Interview).

Three years ago I joined [the hotel SPA club], so I remember it has a great customer orientation. If I were the manager for this hotel, well, I knew the manager because it was my friend, a business graduate here from Santiago and, in general, these things are like, I don't

know, it really depends on who is at the top, on what the environment feels like, the organizational climate, right? So he was the kind of person, he was great as a person and as a business man, and I felt that this filtered through [employees] at all levels. But I am also conscious that these places sometimes deal with really difficult customers, so I really asked myself, hum, could it be that the employees are this nice because they are afraid of losing their jobs? (Chilean, Female, Interview).

As indicated in our quantitative analysis and illustrated by the quote immediately above, consumers in this cluster exhibit average expectations on all dimensions and have the highest evaluations in reliability, responsiveness, assurance, and empathy.

Cluster 5 – "Sensitive Skepticals". These consumers have the highest uncertainty avoidance, the lowest masculinity, an above-average collectivism, and a low level of power distance. They have a greater representation of other Latin, relative to the whole sample, and slightly more women. These consumers show relatively high expectations of tangibles, responsiveness, assurance, and empathy, below average evaluations of tangibles, reliability, responsiveness, and empathy, and average evaluations of assurance. The quote below from an interview with a Chilean consumer, illustrates typical Chilean consumer reflections about customer service employees, which are indicative of these consumers heightened collectivism, and their high expectations regarding assurance and empathy:

> I do not know if this is about Chilean culture, or if it is general, if in other countries that there is this kind of service [fast food restaurants] people also feel less valued, I dunno, it's just my assessment. But I would buy again in the end, I would comment and I have commented with others about these services, about the salespersons working at department stores, too […] here in Chile […] they don't treat you well […]. One asks them for a shoe size and they have no disposition to help. It is true that their salaries are bad, and maybe they live super far away from the store, but those things don't cancel each other out. I think that being polite and putting on a good face is what would make a difference for me, in a good way (Chilean, Interview, Female).

Therefore, we find significant variations in service quality expectations and evaluations among these five clusters of local consumers, using Hofstede's cultural dimensions at the individual level. This finding has managerial implications for service companies, in how to approach, analyze, and attend to the different segments of customers. In Table IV, we summarize, for each of these five clusters, the cultural profile, the SERVQUAL profile, other characteristics, and some managerial implications.

After examining our qualitative and quantitative data sets and reporting our findings, we discuss the implications of those findings for research in marketing and customer service, particularly in the context of emerging markets.

Discussion
This research is motivated by the realization that many service companies, even multinationals that are engaged in international operations, neglect the adaptation of service protocols to account for differences in cultural values, particularly in emerging markets that seem to be quite homogeneous. We contribute to previous research that looks at how consumers' service quality assessments vary depending on cultural aspects, by examining cultural influences on service quality expectations and evaluations within a local market. Specifically, we analyzed an emerging market, Chile, from two perspectives: first, country/region of origin as a proxy for "culture," as it has

Cluster	Cultural profile	SERVQUAL profile	Other characteristics	Managerial implications
(1) Virtual cosmopolitans	Very low uncertainty avoidance, low masculinity	Lowest expectations on average, especially in tangibles; lower than average evaluations, especially in assurance and responsiveness	Higher proportion of women, and non-Latin foreigners (with the lowest proportion of Chileans, relative to other groups)	Investigate which specific aspects of a service protocol connect the most with the assurance and responsiveness that this segment requires. Emphasize online channels and communication, and evaluate how the company's website and other online resources support this group's service requirements
(2) Tough demanders	Very high masculinity	Highest expectations on average	Mostly men, and Chilean	Analyze the profitability and lifetime value of each of these customers, and provide superior service (as "prime" clients) to those that are most valuable. Shape expectations for those who are not as valuable
(3) Self-confident mavericks	Very low collectivism	Highest expectations on reliability, and higher than average in all dimensions except tangibles; greatest gap on average	Higher proportion of women, and foreigners (both Latin and non-Latin)	Investigate this group's needs and service quality expectations in depth, to understand what aspects of a service protocol could be more meaningful to them. Then assess how likely and convenient could be to implement a tailor-made service protocol to this segment
(4) Certainty seekers	Very high power distance	Highest expectations on tangibles; highest evaluations on all service quality dimensions except tangibles; smallest gap on average, especially in responsiveness and empathy	Higher proportion of Chileans	Emphasize and strengthen the tangible aspects of the service protocol to these customers. Evaluate potential opportunities to reduce the cost to serve them while keeping low gaps. This group may be a good target for referral campaigns
(5) Sensitive skepticals	High uncertainty avoidance, low masculinity, and low power distance	High expectations (and lower than average evaluations) on tangibles, responsiveness, and empathy; greatest gap in tangibles	Slightly higher proportion of women; more Latin than non-Latin within foreigners	Focus on delivering high service quality on elements that emphasize tangibles, responsiveness, and empathy. Investigate them further, not only to obtain feedback but also to communicate commitment and increase their confidence

Table IV.
Summary of each cluster's profile and managerial implications

been frequently analyzed in the services marketing literature; and second, individual cultural values, to contribute a new perspective which seems adequate given the increasing globalization of markets (Sassen, 1998), and the recognition that consumers with the same nationality may vary in their cultural characteristics (Poulis *et al.*, 2013).

We expect our findings to shed light on how culture relates to service quality in other emerging markets as well, especially those in Latin America, and therefore contribute to a scarce body of international marketing research in this region (Fastoso and Whitelock, 2011).

We find that when we compare consumers' service quality expectations and evaluations based on country/region of origin, only service quality evaluations differ significantly (Chileans have the highest evaluations). Interestingly, expectations of service quality do not vary among the groups. Insights from qualitative and quantitative data suggest that the differences in the evaluations of service quality may arise from either foreign consumers being treated differently (and badly, e.g. having less access to certain products) or Chileans accepting, to a greater extent, lower levels of service quality, probably empathizing with service employees and therefore being more forgiving. On the other hand, similar expectations may be explained in part by an acculturation process of both foreigners that adapt their expectations to the Chilean "service culture" (considered overall, as bad), and Chileans that have been exposed to global services and other international experiences (e.g. traveling abroad). Yet, these explanations are speculative in nature and should be submitted to empirical examination.

We then find that when we contrast consumers' service quality expectations and evaluations based on individual cultural values, both expectations and evaluations vary significantly among the resulting segments. Therefore, these results suggest that a greater source of variation in service quality expectations and evaluations among consumers comes from these individual cultural values, rather than their country/region of origin. The specific findings and implications for each of the clusters discussed in a previous section, show that Hofstede's cultural characteristics constitute a useful framework to assess and segment a consumer market, when they are measured at the individual level.

Our results highlight that intra-cultural variation occurs even in emerging markets that are considered more culturally homogeneous than advanced markets. This variation further underlines the call to marketing scholars to examine similarities and differences among local and foreign consumers in terms of cultural values. Even though cultural dimensions may still hold at the country level, and regional differences may be still relevant (as demonstrated by our findings comparing Chilean consumers to those from other Latin American countries and non-Latin American countries), globalization, immigration, and other environmental forces have transformed emerging markets into "borderless marketplaces" where current geography-based explanations for consumer behavior and theorizations of consumption phenomena may not hold. Where service providers might assume that demographic variables are more important sources of differentiation in emerging markets, our findings suggest that variations in cultural values may account for differences in consumers' expectations and evaluations of service quality and, therefore, probably in their satisfaction and loyalty.

We believe the findings of this research provide valuable insights to understand the role of culture in consumers' service quality expectations and evaluations in emerging markets – and its consequences for service companies – beyond the case of Chile. The increasing globalization and the influence of immigration in emerging markets favors the use of a clustering approach that measures cultural values at the individual level, thus revealing segments of consumers that expect and evaluate services differently and therefore require a more tailor-made treatment to customers. For instance, it would be relevant to explore differences on SERVQUAL assessments among highly educated

foreigners who occupy high-skilled jobs in emergent markets and those foreigners who immigrate in search for opportunities. While the former may command higher income requiring specialized banking services, and be well versed and skilled in the workings of financial institutions, the latter may have limited banking needs and require additional assistance to use basic services and remittances.

Finally, our findings have practical implications for local businesses serving local and foreign consumers or international companies expanding to emerging markets. Local businesses should account for cultural variations within a local market when developing products and services for customers, and when communicating with them. This study suggests that these cultural variations are mostly individual, and go beyond consumers' country/region of origin. Though there are plenty of arguments for standardization of services, for instance, efficiency, this standardization may lead to unwanted consumer outcomes. While tangibles may be important to traditional Chileans and other Latin clients, cosmopolitan Chileans may place more emphasis on responsiveness, particularly after spending time abroad. Therefore, companies may benefit from tracking their customers' cultural values (may use Hofstede's framework as a valid approach at the individual level), to segment the market and develop value propositions and service quality standards that connect with customers' needs and increase their satisfaction.

We suggest some fruitful avenues for future research. Our findings point to the importance of socialization into a country's service culture. Cluster 4, the "Certainty Seekers" who display high power distance and the highest evaluations on all service quality dimensions except tangibles, for example, is 16.7 percent foreign, demonstrating that some foreigners are very similar to traditional Chilean culture. Further examination of this topic could yield relevant insights to consumer research on acculturation (Luedicke, 2011) or whether foreigners who enter the country with a cultural orientation more similar to the host country are more satisfied with services, or if foreigners adapt their cultural orientation and service evaluations to the local context. Additionally, we recommend further research to identify the various practices foreign consumers engage in in order to deal with aspects of Chilean service culture they consider unfavorable. While some of these "ways around" are commonly employed by foreign consumers as they adjust in any country (Peñaloza, 1994), others are specifically employed due to the peculiarities of Chilean service culture. Our informants also noted issues of exclusion, observing that marketers and service providers lack awareness of foreigners' needs. Lumped by consumers under the "bad service" umbrella, these issues set the tone for the customer service experience of foreign consumers, for whom the most prevalent emotion is frustration.

We acknowledge the limitations of this study. We analyze only one emerging market (Chile) and focus largely in one industry (banking). It might be that some of our findings do not hold in a different context (e.g. in developed nations), and therefore, more research is needed in that vein. In addition, we measure individual cultural values using Hofstede's dimensions of power distance, uncertainty avoidance, collectivism, and masculinity. Admittedly, the concept of culture is much more complex than that, and so other frameworks could be used to assess the link between culture and service quality expectations and evaluations. An alternative would be to measure culture through an application of the personal cultural orientation scale proposed by Sharma (2010).

In conclusion, having global consumers in local markets constitutes a growing trend, especially in emerging markets. Consequently, service companies should have a deep understanding of their consumer market in terms of cultural values, and how this

affects customers' expectations and evaluations of service quality, to plan their marketing strategies accordingly. This research contributes to the international marketing literature by highlighting the importance of capturing the potential heterogeneity in emerging markets with respect to culture and these consequences on consumers' service quality assessments.

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